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March 1, 1999

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Application of Tampa Electric Company to issue and sell up to $400 million in long-term debt and preferred equity securities and have outstanding a maximum of $400 million in short-term unsecured promissory notes during the twelve months ending November 30, 1998;
DOCKET NO. 971060-EI

Dear Ms. Bayo:

Pursuant to Rule 25-8.009, Fla. Admin. Code, and this Commission's Order No. PSC-97-1278-FOF-EI issued October 16, 1997, we enclose an original and three copies of Tampa Electric Company's Consummation Report regarding the issuance and sale of securities during the fiscal year ended December 31, 1998.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley

ACK
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JDB/pp
Enclosures

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF TAMPA ELECTRIC COMPANY TO ISSUE AND SELL UP TO $400 MILLION IN LONG-TERM DEBT AND PREFERRED EQUITY SECURITIES AND HAVE OUTSTANDING A MAXIMUM OF $400 MILLION IN SHORT-TERM UNSECURED PROMISSORY NOTES DURING THE TWELVE MONTHS ENDING NOVEMBER 30, 1998.

DOCKET 971060-EI
FILED: 3/1/99

CONSUMMATION REPORT

The applicant, Tampa Electric Company (the "Company's"), pursuant to Commission Order No. PSC-97-1278-FOF-EI dated October 16, 1997, submits the following information.

1. Fact of Issue

On July 28, 1998, the Company issued $50,000,000 of Remarketed Notes, (the "Notes"), under their $200 million shelf registration for the purpose of repayment of short-term debt and for general corporate purposes.

2. Terms and Conditions

The Notes, due July 15, 2038, initially bear interest at a rate of 5.94%. Interest is payable January 15 and July 15 of each year commencing January 15, 1999. The notes are subject to mandatory tender on July 15, 2001 at 100% of the aggregated principal amount at which time, they will be remarketed or redeemed. The net proceeds included a premium paid to the Company by the remarketing agent for the right to purchase the Notes in 2001. If this right is exercised, for the following 10 years, the Notes will bear interest at 5.41% plus a premium based on the Company's then current credit spread for a 10 year term.

3. Net Proceeds from the Notes

$50,000,000	Note issue
1,240,000	Option premium
(175,000)	Underwriting fee
$51,065,000	Net Proceeds

4. Statement of Capitalization

Statements of capitalization, pretax interest coverage, debt interest requirements and preferred stock dividend requirements for the electric division of the Company as of and for the year ending December 31, 1997 are as follows:

Capital Structure	
Short-term debt	$ 219,100,000
Long-term debt	731,197,379
Preferred stock	- 0 -
Common Equity	1,261,750,110
	$2,212,047,489
Pretax interest coverages	
Including AFUDC	4.59 times
Excluding AFUDC	4.59 times
Debt interest requirements	$ 66,494,325
Preferred stock dividends	$ 476,914

5. Expenses of the Issue

The bonds were offered to the public at an initial offering price of 100%. The transaction was underwritten as indicated below.

Citicorp Securities, Inc 399 Park Avenue New York, NY 10043	$25,000,000
Morgan Stanley & Co. Incorporated 1585 Broadway New York, NY 10036	25,000,000
	$50,000,000

Actual expenses incurred to date for the $200 million shelf registration and this issuance under the shelf registration are as follows:

Underwriting fee (.35%)	$175,000.00
Fees of underwriters' counsel	73,346.25
Legal fees and expenses of Company counsel	156,039.93
Legal fees and expenses of Trustees counsel	5,315.45
SEC Registration fee	59,000.00
Rating agency fees	33,782.20
Printing	35,218.09
Trustee fees	3,500.00
Fees and expenses of accountants	21,250.00
Total	$562,451.92

The Company also submits the following exhibits:

Exhibits

A. Prospectus and Prospectus Supplement
B. Indenture
C. First Supplemental Indenture
D. Opinion of Counsel
E. Registration Statement filed on form S-3 with the SEC
F. Form 10-K dated December 31, 1997 filed with the SEC
G. Purchase Agreement
H. SPURS Remarketing Agreement
I. Agency Agreement

Respectfully submitted this
28th day of February 1999

TAMPA ELECTRIC COMPANY

By: _____
Gordon L. Gillette
Chief Financial Officer

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE NOTES, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT COVERING TRANSACTIONS IN SUCH NOTES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION.

	premium to par or (ii) to convert the Notes to a new Interest Rate Mode and pay the Initial SPURS Agent a fee.
Special Mandatory Purchase	The Company will be obligated to purchase, on each Interest Rate Adjustment Date, any Notes which have not been successfully remarketed by a Remarketing Agent appointed by the Company (a "Remarketing Agent") at an aggregate purchase price equal to 100% of the principal amount thereof.
Ranking	The Notes will be unsecured debt of the Company and rank on a parity with other unsecured and unsubordinated indebtedness of the Company.
Application of Proceeds	The net proceeds from the sale of the Notes will be used to repay short-term indebtedness and for general corporate purposes.
Form and Denomination	The Notes will be issued in denominations of $100,000 and integral multiples of $1,000 in excess thereof. The Notes will be represented by registered Global Securities registered in the name of Cede & Co., the partnership nominee of the Depositary, The Depository Trust Company. Beneficial interests in the Notes will be shown on, and transfers will be effected through, records maintained by the Depositary and its Participants (as defined in the accompanying Prospectus).

Exhibit A

PROSPECTUS SUPPLEMENT
(To Prospectus dated July 17, 1998)

TAMPA ELECTRIC COMPANY
$50,000,000
REMARKETED NOTES DUE 2038

ISSUE PRICE: 100%

The Remarketed Notes (the "Notes") due July 15, 2038 (the "Stated Maturity") are being issued by Tampa Electric Company (the "Company"). The Notes will bear interest, during interest rate periods (each an "Interest Rate Period"), at rates established periodically as described herein, in a SPURS Mode, a Long Term Rate Mode or a Commercial Paper Term Mode (each as defined below).

The Notes initially will be in a SPURS Mode. For the period from the date of initial issuance to, but excluding, July 15, 2001 (the "Initial SPURS Remarketing Date"), the Notes will bear interest at an annual rate of 5.94% (the "Initial Interest Rate"). During this period, interest will be payable on each January 15 and July 15, commencing on January 15, 1999. The Notes will be mandatorily tendered for remarketing or repurchase on July 15, 2001. If Citibank, N.A., as the initial SPURS Agent (the "Initial SPURS Agent"), elects to purchase the Notes as described herein, the Notes will be subject to mandatory tender to the Initial SPURS Agent on the Initial SPURS Remarketing Date, except in the limited circumstances described herein, and will, for the period (the "SPURS Period") from the Initial SPURS Remarketing Date to, but excluding, July 15, 2011, bear interest at the SPURS Interest Rate (as defined below). If the Initial SPURS Agent does not purchase the Notes on the Initial SPURS Remarketing Date, the Notes will cease to be in the initial SPURS Mode, the Initial SPURS Remarketing Date will constitute an interest rate adjustment date (an "Interest Rate Adjustment Date") and, following remarketing, each Note will bear interest at a rate or rates in a new SPURS Mode, a Long Term Rate Mode or a Commercial Paper Term Mode. The Company will be obligated to repurchase any Notes which are not remarketed in a new interest rate mode.

The Notes are not subject to redemption by the Company prior to July 15, 2001. The Notes are subject to redemption by the Company on the Initial SPURS Remarketing Date and on each Interest Rate Adjustment Date.

The Notes will be issued in denominations of $100,000 and integral multiples of $1,000 in excess thereof. Each Note will be issued in fully registered book-entry form (a "Book-Entry Note") and will be represented by one or more fully registered global securities (the "Global Securities") deposited with or on behalf of The Depository Trust Company (the "Depositary") and registered in the name of the Depositary or the Depositary's nominee. Interests in the Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by the Depositary (with respect to its participants' interest) and the Depositary's participants (with respect to owners of beneficial interests in the Notes ("Beneficial Owners")). Except as described in the Prospectus under "DESCRIPTION OF THE DEBT SECURITIES—Global Securities" and "—Book-Entry Issuance," Beneficial Owners will not be entitled to receive physical delivery of Debt Securities in definitive form and will not be considered the holders thereof.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Underwriting Discount(2)	Proceeds to Company(3)(4)
Per Note	100%	0.35%	102.13%
Total	$50,000,000	$175,000	$51,065,000

(1) Plus accrued interest, if any, from July 31, 1998.
(2) The Company has agreed to indemnify the several Underwriters against liabilities under the Securities Act of 1933, as amended. See "UNDERWRITING."
(3) Before deducting expenses estimated to be $215,000.
(4) The proceeds to the Company include a premium paid by the Initial SPURS Agent for the right to require the mandatory tender of all outstanding Notes. See "DESCRIPTION OF THE NOTES—Mandatory Tender to the Initial Spurs Agent—Initial SPURS Agent."

The Notes are offered by the Underwriters, subject to prior sale, when, as and if issued to and accepted by the Underwriters and subject to certain other conditions. The Underwriters propose to offer the Notes from time to time for sale in negotiated transactions or otherwise, at prices relating to prevailing market prices determined by the Underwriters at the time of each sale. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is anticipated that delivery of the Notes will be made through the book-entry facilities of the Depositary on or about July 31, 1998, against payment therefor in immediately available funds.

Citicorp Securities, Inc. **Morgan Stanley Dean Witter**

July 28, 1998

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE NOTES, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT COVERING TRANSACTIONS IN SUCH NOTES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION.

OFFERING SUMMARY

Notes Offered	$50 million principal amount of Remarketed Notes due 2038.
Stated Maturity	July 15, 2038, subject to mandatory tender on July 15, 2001.
Available Modes	The Notes will bear interest at rates determined periodically as described herein, in a SPURS Mode, a Long Term Rate Mode or a Commercial Paper Term Mode (each an "Interest Rate Mode").
SPURS Mode	The SPURS Mode is the Interest Rate Mode in which Notes bear interest and are subject to remarketing as Structured PUtable Remarketable Securities ("SPURS").
Long Term Rate Mode	The Long Term Rate Mode is the Interest Rate Mode in which Notes bear interest during a period of more than 364 days.
Commercial Paper Term Rate Mode	The Commercial Paper Term Rate Mode is the Interest Rate Mode in which the interest rate on the applicable Notes is reset on a periodic basis not less than each calendar day nor more than 364 consecutive calendar days.
Initial Mode	The Notes initially will be in a SPURS Mode. In this initial SPURS Mode, Notes will bear interest from the date of initial issuance to, but excluding, July 15, 2001, at the Initial Interest Rate. If the Initial SPURS Agent exercises its right to purchase the Notes on July 15, 2001, the Notes will bear interest at the SPURS Interest Rate from July 15, 2001 to, but excluding, July 15, 2011.
Initial Interest Rate	The Notes will bear interest at the rate of 5.94% per annum from July 31, 1998 to, but excluding, July 15, 2001.
Interest Payment Dates	January 15 and July 15, during the initial SPURS Mode, commencing on January 15, 1999, to the persons in whose name the Notes are registered on the 15th calendar day immediately preceding the applicable interest payment date.
Mandatory Tender to the Initial SPURS Agent	The Initial SPURS Agent has the right to purchase all of the Notes, on July 15, 2001, at a price equal to 100% of the principal amount thereof.
Mandatory Tender	If the Initial SPURS Agent does not purchase the Notes on July 15, 2001, the Notes will be subject to mandatory tender for redemption or for remarketing in a new Interest Rate mode at a price equal to 100% of the principal amount thereof.
Redemption or Conversion	If the Initial SPURS Agent elects to purchase the Notes on July 15, 2001, the Company will have the right either (i) to redeem the Notes from the Initial SPURS Agent at a

	premium to par or (ii) to convert the Notes to a new Interest Rate Mode and pay the Initial SPURS Agent a fee.
Special Mandatory Purchase	The Company will be obligated to purchase, on each Interest Rate Adjustment Date, any Notes which have not been successfully remarketed by a Remarketing Agent appointed by the Company (a "Remarketing Agent") at an aggregate purchase price equal to 100% of the principal amount thereof.
Ranking	The Notes will be unsecured debt of the Company and rank on a parity with other unsecured and unsubordinated indebtedness of the Company.
Application of Proceeds	The net proceeds from the sale of the Notes will be used to repay short-term indebtedness and for general corporate purposes.
Form and Denomination	The Notes will be issued in denominations of $100,000 and integral multiples of $1,000 in excess thereof. The Notes will be represented by registered Global Securities registered in the name of Cede & Co., the partnership nominee of the Depositary, The Depository Trust Company. Beneficial interests in the Notes will be shown on, and transfers will be effected through, records maintained by the Depositary and its Participants (as defined in the accompanying Prospectus).

RECENT DEVELOPMENTS

The Company reported second quarter revenues of $379 million, including recognition of $11.1 million of previously deferred revenues, which represented an increase of 6.2% over revenues of $357 million during the second quarter of 1997, when $9.8 million of deferred revenues were recognized. Operating income before income taxes for the second quarter was $84.9 million, representing an increase of 7.6% over operating income before income taxes of $78.9 million during the second quarter of 1997. The Company's business is divided into two divisions: electric energy operations and natural gas operations.

During the second quarter of 1998, the Company's electric energy division generated revenues of $321 million, including recognition of $11.1 million of previously deferred revenues, compared to $300 million during the second quarter of 1997, when $9.8 million of deferred revenues were recognized. Operating income before income taxes attributable to the Company's electric energy division for the second quarter of 1998 was $80.2 million, compared to $72.5 million during the second quarter of 1997. Earnings from this division during the second quarter of 1998 were favorably impacted by the recent warm weather, with retail energy sales up over 5%, and by retail customer growth of approximately 2.2%. The electric energy division's operations and maintenance expenses were approximately the same in the second quarter of 1998 as the second quarter of 1997.

The Company's natural gas division, Peoples Gas System, reported quarterly operating income before income taxes of $4.7 million on revenues of $58 million, compared to 1997 second quarter operating income before income taxes of $6.4 million on revenues of $57 million. The natural gas division's second quarter 1998 operating income was negatively impacted by $1.6 million of costs associated with the Company's previously announced decision to discontinue that division's appliance sales and service business.

APPLICATION OF PROCEEDS

The net proceeds from the offering of the Notes are estimated to be approximately $50,850,000. The Company expects to use the net proceeds from the offering of the Notes to repay short-term indebtedness and for general corporate purposes. Pending such uses, the net proceeds will be invested by the Company in short-term money market instruments. At July 28, 1998, the company had $84.2 million of short-term debt outstanding at a weighted-average interest rate of approximately 5.55%.

DESCRIPTION OF THE NOTES

The following description of the particular terms of the Notes offered hereby supplements the description of the general terms of the Debt Securities (as defined in the accompanying Prospectus) set forth under the caption "DESCRIPTION OF THE DEBT SECURITIES" in the accompanying Prospectus, to which description reference is hereby made. Capitalized terms not defined herein have the meanings set forth in the Indenture, dated as of July 1, 1998 (as amended and supplemented by the First Supplemental Indenture thereto, the "Indenture"), between the Company and The Bank of New York as trustee (the "Trustee").

The following summaries of certain provisions of the Indenture do not purport to be complete, and are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture, the form of which has been filed with the Securities and Exchange Commission (the "Commission") as an exhibit to the Registration Statement of which the Prospectus forms a part. The Indenture provides for the issuance from time to time of various series of Debt Securities, including the Notes offered hereby. Each series may differ as to terms, including maturity, interest rate, redemption and sinking fund provisions, covenants, and events of default. As of July 28, 1998, the Company had no Debt Securities outstanding under the Indenture. For purposes of the following description, unless otherwise indicated, a Business Day shall be

any day that is not a day on which banking institutions in New York, New York are authorized or obligated by law or executive order to close.

General

The Notes offered hereby will be unsubordinated and unsecured obligations of the Company and will rank *pari passu* in right of payment with all other unsubordinated and unsecured indebtedness of the Company. The Notes will not limit other indebtedness or securities that may be incurred or issued by the Company or any of its subsidiaries or contain financial or similar restrictions of the Company or any of its subsidiaries. The Notes do not have a sinking fund.

The Notes will be issued in fully registered form, without coupons, in minimum denominations of $100,000 or integral multiples of $1,000 in excess thereof. The Notes initially will be issued as Global Securities. See "DESCRIPTION OF THE DEBT SECURITIES—Global Securities" and "—Book-Entry System" in the accompanying Prospectus for additional information concerning the Notes, the Indenture and the book-entry system. The Depository Trust Company will be the depositary with respect to the Notes. Settlement of the sale of the Notes to the Underwriters will be in immediately available funds. The Notes will trade in the Depositary's Same-Day Funds Settlement System until maturity or earlier redemption, as the case may be, and secondary market trading activity in the Notes will therefore settle in immediately available funds. All payments of principal and interest will be made by the Company in immediately available funds to the Depositary in the City of New York.

Principal and Maturity

The Notes will be limited to $50,000,000 in aggregate principal amount and will mature on July 15, 2038.

Interest

The Notes will bear interest at 5.94% per annum (assuming a 360-day year consisting of twelve 30-day months) for the period from July 31, 1998 to, but excluding, July 15, 2001 (the "Initial SPURS Remarketing Date"). If Citibank, N.A., as the Initial SPURS Agent, elects to remarket the Notes (except in the limited circumstances described herein): (a) the Notes will be subject to mandatory tender to the Initial SPURS Agent at 100% of the aggregate principal amount thereof for remarketing on the Initial SPURS Remarketing Date, on the terms and subject to the conditions described herein, and (b) during the period (the "SPURS Period") from the Initial SPURS Remarketing Date to, but excluding, July 15, 2011, the Notes will bear interest at the rate determined by the Initial SPURS Agent in accordance with the procedures set forth below (the "SPURS Interest Rate"). If the Initial SPURS Agent does not purchase the Notes on the Initial SPURS Remarketing Date, the Notes will cease to be in the initial SPURS Mode, the Initial SPURS Remarketing Date will constitute an Interest Rate Adjustment Date and the Notes automatically will be subject to mandatory tender at 100% of the principal amount thereof for redemption on such date by the Company or for remarketing on such date by a Remarketing Agent in a new SPURS Mode, a Long Term Rate Mode or a Commercial Paper Term Mode.

During the initial SPURS Mode, interest on the Notes will be payable semi-annually on January 15 and July 15 of each year (each, an "Interest Payment Date"), commencing January 15, 1999, to the persons in whose name the Notes are registered on the 15th calendar day (whether or not a Business Day) immediately preceding the related Interest Payment Date (each a "Regular Record Date").

Mandatory Tender to the Initial SPURS Agent

Election to Remarket. Provided that the Initial SPURS Agent gives notice to the Company and the Trustee on a Business Day not later than five Business Days prior to the Initial SPURS Remarketing Date of its intention to purchase the Notes for remarketing (the "Initial Notification Date"), each of the Notes will be automatically tendered to the Initial SPURS Agent for purchase on the Initial SPURS Remarketing Date, except in the circumstances described under "—Conversion or Redemption Following Election by Initial SPURS Agent to Remarket." and "—Failure of Initial SPURS Agent to Remarket." The purchase price for the tendered Notes to be paid by the Initial SPURS Agent will be equal to 100% of the aggregate principal amount thereof. See "—Notification of Results; Settlement." When the Notes are tendered to the Initial SPURS Agent for remarketing, the Initial SPURS Agent may remarket the Notes for its own account at varying prices to be determined by the Initial SPURS Agent at the time of each sale. If the Initial SPURS Agent elects to remarket the Notes, the obligation of the Initial SPURS Agent to purchase the Notes on the Initial SPURS Remarketing Date is subject to certain conditions. See "—Initial SPURS Agent." If the Initial SPURS Agent purchases the Notes, during the SPURS Period, the Notes will bear interest at the SPURS Interest Rate.

SPURS Interest Rate. The SPURS Interest Rate will be determined by the Initial SPURS Agent by 3:30 p.m., New York City time, on the third Business Day immediately preceding the Initial SPURS Remarketing Date (the "Initial Determination Date") to the nearest one hundred-thousandth (0.00001) of one percent per annum, and will be equal to the sum of 5.41% (the "Base Rate") and the Applicable Spread (as defined below), which will be based on the Dollar Price (as defined below) of the Notes.

For the purpose of determining the SPURS Interest Rate, the following terms have the following meanings:

"Applicable Spread." The lowest bid indication, expressed as a spread (in the form of a percentage or in basis points) above the Base Rate, obtained by the Initial SPURS Agent on the Initial Determination Date from the bids quoted by five Reference Corporate Dealers (as defined below) for the full aggregate outstanding principal amount of the Notes at the Dollar Price, but assuming (a) an issue date that is the Initial SPURS Remarketing Date, with settlement on such date without accrued interest, (b) a maturity date of July 15, 2011 and (c) a stated annual interest rate equal to the Base Rate plus the spread bid by the applicable Reference Corporate Dealer. If fewer than five Reference Corporate Dealers bid as described above, then the Applicable Spread shall be the lowest of such bid indications obtained as described above. The SPURS Interest Rate announced by the Initial SPURS Agent, absent manifest error, shall be binding and conclusive upon the Beneficial Owners, the Holders (as defined in the Indenture) of the Notes, the Company and the Trustee.

"Comparable Treasury Issues." The United States Treasury security or securities selected by the SPURS Agent as having an actual or interpolated maturity of July 15, 2011.

"Comparable Treasury Price." With respect to the Initial SPURS Remarketing Date, (a) the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) at 11:00 a.m. on the Initial Determination Date, as set forth on Telerate Page 500 (or such other page as may replace Telerate Page 500) or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on such date, (i) the average of the Reference Treasury Dealer Quotations (as defined below) on the Initial Determination Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii), if the SPURS Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. "Telerate Page 500" means the display designated as "Telerate Page 500" on Dow Jones Markets (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in (a) above as may replace Dow Jones Markets.

"Dollar Price." With respect to the Notes, the present value, as of the Initial SPURS Remarketing Date, of the Remaining Scheduled Payments (as defined below) discounted to the Initial SPURS Remarketing Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below).

"Reference Corporate Dealers." Each of Citicorp Securities, Inc., Morgan Stanley & Co. Incorporated, Bear Stearns & Co. Inc., Chase Securities Inc. and Goldman, Sachs & Co. and their respective successors; provided, that, if any of the foregoing or their affiliates shall cease to be a leading dealer of publicly traded debt securities of the Company (a "Primary Corporate Dealer"), the Initial SPURS Agent shall substitute therefor another Primary Corporate Dealer.

"Reference Treasury Dealer." Each of Citicorp Securities, Inc., Morgan Stanley & Co. Incorporated, Bear Stearns & Co. Inc., Chase Securities Inc. and Goldman, Sachs & Co. and their respective successors; provided, that, if any of the foregoing or their affiliates shall cease to be a primary U.S. Government securities dealer (a "Primary Treasury Dealer"), the Initial SPURS Agent shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and the Initial SPURS Remarketing Date, the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) quoted in writing to the Initial SPURS Agent by such Reference Treasury Dealer by 3:30 p.m., New York City time on the Initial Determination Date.

"Remaining Scheduled Payments." With respect to the Notes, the remaining scheduled payments of the principal thereof and interest thereon, calculated at the Base Rate only, that would be due after the Initial SPURS Remarketing Date to and including July 15, 2011.

"Treasury Rate." With respect to the Initial SPURS Remarketing Date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) yield to maturity of the Comparable Treasury Issues (as defined above), assuming a price for the Comparable Treasury Issues (expressed as a percentage of its principal amount), equal to the Comparable Treasury Price (as defined above) for such Initial SPURS Remarketing Date.

Notification of Results; Settlement. Provided the Initial SPURS Agent has previously notified the Company and the Trustee on the Initial Notification Date of its intention to purchase all tendered Notes on the Initial SPURS Remarketing Date, the Initial SPURS Agent will notify the Company, the Trustee and the Depositary by telephone, confirmed in writing, by 4:00 p.m., New York City time, on the Initial Determination Date, of the SPURS Interest Rate.

All the tendered Notes will be automatically delivered to the account of the Trustee, by book-entry through the Depositary pending payment of the purchase price therefor, on the Initial SPURS Remarketing Date.

The Initial SPURS Agent will make or cause the Trustee to make payment to the Participant of each tendering Beneficial Owner of Notes, by book-entry through the Depositary by the close of business on the Initial SPURS Remarketing Date against delivery through the Depositary by the close of business on the Initial SPURS Remarketing Date of such Beneficial Owner's tendered Notes.

The transactions described above will be executed on the Initial SPURS Remarketing Date through the Depositary in accordance with the procedures of the Depositary, and the accounts of the respective Participants will be debited and credited and the Notes delivered by book-entry as necessary to effect the purchases and sales thereof.

Transactions involving the sale and purchase of Notes remarketed by the Initial SPURS Agent during the SPURS Period will settle in immediately available funds through the Depositary's Same-Day Funds Settlement System.

The tender and settlement procedures described above, including provisions for payment by purchasers of Notes in the remarketing or for payment to selling Beneficial Owners of tendered Notes, may be modified, notwithstanding any contrary terms of the Indenture, to the extent required by the Depositary or, if the book-entry system is no longer available for the Notes at the time of the remarketing, to the extent required to facilitate the tendering and remarketing of Notes in certificated form. In addition, the Initial SPURS Agent may, notwithstanding any contrary terms of the Indenture, modify the settlement procedures set forth above in order to facilitate the settlement process.

As long as the Depositary's nominee holds the certificates representing any Notes in the book-entry system of the Depositary, no certificates for such Notes will be delivered by any selling Beneficial Owner to reflect any transfer of such Notes effected in the remarketing. In addition, under the terms of the Notes and the Initial SPURS Remarketing Agreement (as defined below), the Company has agreed that, notwithstanding any provision to the contrary set forth in the Indenture, (a) it will use reasonable commercial efforts to maintain the Notes in book-entry form with the Depositary or any successor thereto and to appoint a successor depositary to the extent necessary to maintain the Notes in book-entry form and (b) it will waive any discretionary right it otherwise has under the Indenture to cause the Notes to be issued in certificated form.

For further information with respect to transfers and settlement through the Depositary, see "DESCRIPTION OF THE DEBT SECURITIES—Book-Entry Issuance" in the accompanying Prospectus.

Initial SPURS Agent. On or prior to the date of original issuance of the Notes, the Company and the Initial SPURS Agent will enter into a SPURS Remarketing Agreement (the "Initial SPURS Remarketing Agreement").

The Initial SPURS Agent will not receive any fees or reimbursement of expenses from the Company in connection with the remarketing. If the Initial SPURS Remarketing Agreement is terminated at the option of the Initial SPURS Agent based upon the occurrence of any of certain specified termination events, the Company may be obligated thereunder to reimburse the Initial SPURS Agent for all of its reasonable out-of-pocket expenses. In addition, in the event of certain specified termination events, the Company will be obligated to pay to the Initial SPURS Agent the fair market value, calculated as set forth in the Initial SPURS Remarketing Agreement, of the Initial SPURS Agent's right to purchase and remarket the Notes pursuant to the Initial SPURS Remarketing Agreement.

The Company will agree to indemnify the Initial SPURS Agent against certain liabilities, including liabilities under the Securities Act, arising out of or in connection with its duties under the Initial SPURS Remarketing Agreement.

In the event that the Initial SPURS Agent elects to remarket the Notes as described herein, the obligation of the Initial SPURS Agent to purchase Notes from tendering Beneficial Owners of Notes will be subject to several conditions precedent set forth in the Initial SPURS Remarketing Agreement, including the conditions that, since the Initial Notification Date, no material adverse change in the consolidated financial condition, stockholders' equity, results of operations, business or prospects of the company and its subsidiaries considered as one enterprise has occurred, and that no Event of Default (as defined in the Indenture), or any event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, has occurred and is continuing with respect to the Notes. In addition, the Initial SPURS Remarketing Agreement will provide for the termination thereof, or redetermination of the

SPURS Interest Rate, by the Initial SPURS Agent on or before the Initial SPURS Remarketing Date, upon the occurrence of certain events.

No Beneficial Owner of any Notes shall have any rights or claims under the Initial SPURS Remarketing Agreement or against the Company or the Initial SPURS Agent as a result of the Initial SPURS Agent not purchasing the Notes.

The Initial SPURS Remarketing Agreement will also provide that the Initial SPURS Agent may submit its resignation at any time as the Initial SPURS Agent, such resignation to be effective 10 business days after the delivery to the Company and the Trustee of notice of such resignation. In such case, it shall be the sole obligation of the Company to appoint a successor SPURS Agent.

The Initial SPURS Agent, in its individual or any other capacity, may buy, sell, hold and deal in any of the Notes. The Initial SPURS Agent may exercise any vote to join in any action that any Beneficial Owner of Notes may be entitled to exercise or take with like effect as if it did not act in any capacity under the Initial SPURS Remarketing Agreement. The Initial SPURS Agent, in its individual capacity, either as principal or agent, may also engage in or have an interest in any financial or other transaction with the Company as freely as if it did not act in any capacity under the Initial SPURS Remarketing Agreement.

The summaries herein of certain provisions of the Initial SPURS Remarketing Agreement do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Initial SPURS Remarketing Agreement.

Conversion or Redemption Following Election by the Initial SPURS Agent to Remarket. If the Initial SPURS Agent elects to remarket the Notes on the Initial SPURS Remarketing Date, the Notes will be subject to mandatory tender to the Initial SPURS Agent for remarketing on such date, subject to the Company's right to convert the Notes to a new Interest Rate Mode or to redeem the Notes from the Initial SPURS Agent, in each case as described in the next sentence. The Company will notify the Initial SPURS Agent and the Trustee not later than the Business Day immediately preceding the Initial Determination Date if the Company irrevocably elects to exercise its right to either convert the Notes to a new Interest Rate Mode or to redeem the Notes from the Initial SPURS Agent at the Optional Redemption Price (as defined below), in each case, on July 15, 2001.

In the event that the Company irrevocably elects to convert the Notes to a new Interest Rate Mode, then as of July 15, 2001 the Notes will be subject to remarketing on such date by a Remarketing Agent appointed by the Company in a new SPURS Mode, a Long Term Rate Mode or a Commercial Paper Term Mode established by the Company in accordance with the procedures described below under "—Conversion to New Interest Rate Mode," provided that, in such case, the notice required for conversion shall be given no later than the Initial Determination Date. In such case, the Company shall pay to the Initial SPURS Agent the excess of the Dollar Price of the Notes over 100% of the principal amount of the Notes in same-day funds by wire transfer to an account designated by the Initial SPURS Agent.

In the event that the Company irrevocably elects to redeem the Notes from the Initial SPURS Agent, the "Optional Redemption Price" shall be the greater of (i) 100% of the principal amount of the Notes plus accrued and unpaid interest and (ii) the Dollar Price. If the Company elects to redeem the Notes, it shall pay the Optional Redemption Price in same-day funds by wire transfer to an account designated by the Initial SPURS Agent on July 15, 2001.

Failure of Initial SPURS Agent to Remarket. In the event that the Initial SPURS Agent for any other reason does not purchase the Notes on July 15, 2001, the Notes automatically will be subject to mandatory tender at 100% of the principal amount thereof for redemption on such date by the Company or, if the Company at its option elects, for remarketing on such date by a Remarketing Agent appointed by the Company in a new SPURS Mode, a Long Term Rate Mode or a Commercial Paper Term Mode

established by the Company in accordance with the procedures described in "—Conversion to New Interest Rate Mode"; provided that the notice period required for conversion shall be the lesser of ten (10) days and the period commencing the date that the Initial SPURS Agent notifies the Company that it will not purchase the Notes for remarketing on July 15, 2001 or fails to so purchase, as the case may be.

Conversion to New Interest Rate Mode

General. If the Company elects to convert the Notes to a new Interest Rate Mode, on and after July 15, 2001, or, if the Initial SPURS Agent remarkets the Notes as described above, on and after July 15, 2011, each Note at the option of the Company will bear interest for designated Interest Rate Periods in the Commercial Paper Term Mode, the SPURS Mode or the Long Term Rate Mode (together the "Interest Rate Modes"). Each Note may bear interest in the same or a different Interest Rate Mode from other Notes. The interest rate for the Notes will be established periodically as described herein by a Remarketing Agent selected by the Company. The Company also may appoint one or more standby remarketing agents for any Remarketing Agent (each, a "Standby Remarketing Agent") on the terms described herein.

Interest will be payable on any such Note at maturity and (i) for any Interest Rate Period in the Commercial Paper Term Mode, on the interest rate adjustment date (each an "Interest Rate Adjustment Date") commencing the next succeeding Interest Rate Period for such Note and on such other dates (if any) as will be established upon conversion of such Note to the Commercial Paper Term Mode or upon remarketing of the Note in a new Interest Rate Period in the Commercial Paper Term Mode; and (ii) in the Long Term Rate Mode or the SPURS Mode, no less frequently than semiannually on such dates as will be established upon conversion of such Note to the Long Term Rate Mode or the SPURS Mode (or upon remarketing of the Note to a new Interest Rate Period in the Long Term Rate Mode or the SPURS Mode, as the case may be) and set forth in the applicable prospectus supplement, other remarketing document or the confirmation, in the case of a fixed interest rate, or as described below under "—Floating Interest Rates" in the case of a floating interest rate, and on the Interest Rate Adjustment Date commencing the next succeeding Interest Rate Period (each such date, an "Interest Payment Date"). Such interest will be payable to the holder thereof as of the related record date (a "Record Date"), which, for any Note (x) in the Commercial Paper Term Mode, is the Business Day prior to the related Interest Payment Date; and (y) bearing interest in the Long Term Rate Mode or the SPURS Mode, is 15 days prior to the related Interest Payment Date whether or not a Business Day. If any Interest Payment Date would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, and no interest will accrue on such payment for the period from and after such Interest Payment Date to the date of such payment on the next succeeding Business Day.

Interest on Notes bearing interest in the Commercial Paper Term Mode or at a floating interest rate during any Interest Rate Period in the Long Term Mode or the SPURS Mode will be computed on the basis of actual days elapsed divided by 360; provided that, if an applicable Interest Rate Basis (as defined below) is the CMT Rate or the Treasury Rate (each as defined below), interest will be computed on the basis of actual days elapsed divided by the actual number of days in the year. Interest on Notes bearing interest at a fixed rate in the Long Term Rate Mode or the SPURS Mode will be computed on the basis of a year of 360 days consisting of twelve 30-day months.

As used in this section, a Business Day shall be any day that is not a day on which banking institutions in New York, New York are authorized or obligated by law or executive order to close; provided, however, that with respect to Notes in the Long Term Rate Mode or the SPURS Mode as to which LIBOR (as defined below) is an applicable Interest Rate Basis, such day is also a London Business Day (as defined below). "London Business Day" means (i) if the Index Currency (as defined below) is other than European Currency Units ("ECU"), any day on which dealings in such Index Currency are transacted in the London interbank market or (ii) if the Index Currency is ECU, any day that does not appear as an ECU non-settlement day on the display designated as "ISDE" on the Reuter Monitor Money Rates

Service (or a day so designated by the ECU Banking Association) or, if ECU non-settlement days do not appear on the page (and are not so designated), is a day on which payments in ECU can be settled in the international banking market.

Determination of Interest Rates. The interest rate and, in the case of a floating interest rate, the Spread (as defined below), if any, and the Spread Multiplier (as defined below), if any, for any Note will be established by the applicable Remarketing Agent in a remarketing (as described below) or otherwise not later than the first day of each succeeding Interest Rate Period for such Note, which must be a Business Day (each, an "Interest Rate Adjustment Date"), and will be the minimum rate of interest and, in the case of a floating interest rate, Spread (if any) and Spread Multiplier (if any) necessary in the judgment of such Remarketing Agent to produce a par bid in the secondary market for such Note on the date the interest rate is established. Such rate will be effective for the next succeeding Interest Rate Period for such Note commencing on such Interest Rate Adjustment Date.

In the event that (i) the applicable Remarketing Agent has been removed or has resigned and no successor has been appointed, or (ii) such Remarketing Agent has failed to announce the appropriate interest rate, Spread (if any) or Spread Multiplier (if any), as the case may be, on the Interest Rate Adjustment Date for any Note for whatever reason, or (iii) the appropriate interest rate, Spread (if any), or Spread Multiplier (if any), as the case may be, or Interest Rate Period cannot be determined for any Note for whatever reason, then the next succeeding Interest Rate Period for such Note will be automatically converted to a Weekly Rate Period (a Commercial Paper Term Period described below), and the rate of interest thereon will be equal to the Federal Funds Rate (as defined below; such rate of interest being referred to herein as the "Special Interest Rate").

After any Interest Rate Adjustment Date, any Beneficial Owner may contact the Trustee or the Remarketing Agent in order to be advised of the interest rate applicable to such Beneficial Owner's remarketed Notes. No notice of the applicable interest rate will be sent to Beneficial Owners.

The interest rate and other terms announced by the Remarketing Agent, absent manifest error, will be binding and conclusive upon the Beneficial Owners, the Company and the Trustee.

Interest Rate Modes

The times specified below are subject to extension pursuant to standby remarketing arrangements, if any, as provided herein. See "—Remarketing—Interest Rate Adjustment Date; Determination of Interest Rate" below.

Commercial Paper Term Mode. As used herein, "Commercial Paper Term Mode" means, with respect to any Note, the Interest Rate Mode in which the interest rate on such Note is reset on a periodic basis, which shall not be less than one calendar day nor more than 364 consecutive calendar days and interest is paid as provided for such Interest Rate Mode above under "—Conversion to New Interest Rate Mode—General." The Interest Rate Period for any Note in the Commercial Paper Term Mode will be a period of not less than one nor more than 364 consecutive calendar days (a "Commercial Paper Term Period"), as determined by the Company (as described below under "—Conversion Between Interest Rate Modes") or, if not so determined, by the Remarketing Agent for such Note (in its best judgment in order to obtain the lowest interest cost for such Note). Each Commercial Paper Term Period will commence on the Interest Rate Adjustment Date therefor and end on the day preceding the date specified by such Remarketing Agent as the first day of the next Interest Rate Period for such Note. A "Weekly Rate Period" is a Commercial Paper Term Period and will be a period of seven days commencing on any Interest Rate Adjustment Date and ending on the day preceding the first day of the next Interest Rate Period for such Note. The interest rate for any Commercial Paper Term Period relating to a Note will be determined not later than 11:50 a.m., New York City time, on the Interest Rate Adjustment Date for such Note, which is the first day of each Interest Period for such Note.

Long Term Rate Mode. As used herein, "Long Term Rate Mode" means, with respect to any Note, the Interest Rate Mode in which the interest rate on such Note is reset in a Long Term Rate Period and interest is paid as provided for such Interest Rate Mode above under "—Conversion to New Interest Rate Mode—General" or below under "—Floating Interest Rates." The Interest Rate Period for any Note in the Long Term Rate Mode will be established by the Company (as described below under "—Conversion Between Interest Rate Modes") as a period of more than 364 days and not exceeding the remaining term to the Stated Maturity (a "Long Term Rate Period"). The interest rate, or Spread (if any) and Spread Multiplier (if any) for any Note in the Long Term Rate Mode will be determined not later than 11:50 a.m., New York City time, on the Interest Rate Adjustment Date for such Note, which is the first day of each Interest Rate Period for such Note.

SPURS Mode. As used herein, "SPURS Mode" means, with respect to any Note, the Interest Rate Mode in which the Notes shall bear interest and be subject to remarketing as Structured PUtable Remarketed Securities ("SPURS") by a remarketing agent selected by the Company (a "SPURS Agent") as described under "SPURS Mode" below. The Notes will initially be in a SPURS Mode, and the provisions applicable while the Notes are in this initial SPURS Mode are found above under "—Interest" and "—Mandatory Tender to the Initial SPURS Agent." If any Notes are converted to a new SPURS Mode after the Initial SPURS Mode, the provisions below "—SPURS Mode" will apply. So long as any Notes are in a new SPURS Mode, the provisions set forth herein applicable to the remarketing of Notes generally shall apply to such Notes only to the extent expressly provided under "—SPURS Mode" below.

The Interest Rate Period for any Note in the SPURS Mode will be established by the Company (as described below under "—Conversion Between Interest Rate Modes") as a period of more than 364 days and not exceeding the remaining term to the Stated Maturity (a "SPURS Rate Period"). A SPURS Rate Period shall consist of the period to and excluding the SPURS Remarketing Date (as defined below) and the period from and including the SPURS Remarketing Date to but excluding the next succeeding Interest Rate Adjustment Date, as described below under "—SPURS Mode" and subject to the conditions therein and otherwise herein described. The interest rate and, in the case of a floating interest rate, the Spread (if any), and the Spread Multiplier (if any), to the SPURS Remarketing Date for any Note in the SPURS Mode will be determined not later than 11:50 a.m., New York City time, on the Interest Rate Adjustment Date for such Note, which for the SPURS Mode is the first day of each Interest Rate Period for such Note.

Conversion Between Interest Rate Modes

The Company may change the Interest Rate Mode at its option in the manner described below.

Conversion Between Commercial Paper Term Periods. Each Note in a Commercial Paper Term Period may be remarketed into the same Interest Rate Period or converted at the option of the Company to a different Commercial Paper Term Period on any Interest Rate Adjustment Date upon either receipt by the Remarketing Agent and the Trustee of a notice, which will be submitted or promptly confirmed in writing (which includes facsimile or appropriate electronic media), from the Company (a "Conversion Notice") prior to 9:30 a.m., New York City time, or the remarketing of such Note, whichever occurs later, on such Interest Rate Adjustment Date.

Conversion from the Commercial Paper Term Mode to the Long Term Rate Mode or the SPURS Mode. Each Note in the Commercial Paper Term Mode may be converted at the option of the Company to the Long Term Rate Mode or the SPURS Mode on any Interest Rate Adjustment Date upon receipt not less than ten days prior to such Interest Rate Adjustment Date by the Remarketing Agent and the Trustee of a Conversion Notice from the Company.

Conversion Between Long Term Rate Periods or from the Long Term Rate Mode or the SPURS Mode to the Commercial Paper Term Mode, the Long Term Rate Mode or the SPURS Mode. Each Note in a Long

Term Rate Period may be remarketed in the same Interest Rate Period or converted at the option of the Company to a different Long Term Rate Period or from the Long Term Rate Mode to the Commercial Paper Term Mode or the SPURS Mode, or from the SPURS Mode to a different SPURS Mode or to the Long Term Rate Mode or the Commercial Paper Term Mode, on any Interest Rate Adjustment Date for such Note upon receipt by the Trustee and the Remarketing Agent for such Note of a Conversion Notice from the Company not less than ten days prior to such Interest Rate Adjustment Date; provided that the notice required for conversion from the initial SPURS Mode shall not be required until the latest of the day after the Initial SPURS Agent notifies the Company that it will not purchase the Notes for remarketing, the day the Initial SPURS Agent fails to so purchase the Notes or the day the Company elects to convert the Notes to a new Interest Rate Mode after the Initial SPURS Agent has elected to remarket the Notes.

Conversion Notice. Each Conversion Notice must state each Note to which it relates and the new Interest Rate Mode (if applicable), the new Interest Rate Period, the date of the applicable conversion (the "Conversion Date") and, with respect to any Long Term Rate Period, any optional redemption or repayment terms for each such Note. If the Company revokes a Conversion Notice or the Trustee and the Remarketing Agent fail to receive a Conversion Notice from the Company by the specified date in advance of the Interest Rate Adjustment Date for a Note, the Note shall be converted automatically to the Weekly Rate Period.

Revocation or Change of Conversion Notice or Floating Interest Rate Notice. The Company may, upon written notice received by the Trustee and the applicable Remarketing Agent, revoke any Conversion Notice or Floating Interest Rate Notice (as defined herein) or change the Interest Rate Mode to which such Conversion Notice relates or change any Floating Interest Rate Notice up to 9:30 a.m., New York City time, on the Conversion Date, subject to the limitation set forth in the next paragraph.

Limitation on Conversion, Change of Conversion Notice or Floating Interest Rate Notice and Revocation. Notwithstanding the foregoing, the Company may not, without the consent of the applicable Remarketing Agent, convert any Note or revoke or change any Conversion Notice or Floating Interest Rate Notice at or after the time at which such Remarketing Agent has determined the interest rate, or Spread (if any) and Spread Multiplier (if any), for any Note being remarketed (i.e., the time at which such Note has been successfully remarketed, subject to settlement on the related Interest Rate Adjustment Date). The Remarketing Agent may advise the Company of indicative rates from time to time, or at any time upon the request of the Company, prior to making such determination of the interest rate, Spread or Spread Multiplier, as the case may be.

Tender of Notes

Each Note will be automatically tendered for purchase, or deemed tendered for purchase, on each Interest Rate Adjustment Date relating thereto. Notes will be purchased on the Interest Rate Adjustment Date relating thereto as described below.

Remarketing

When any Note is tendered for remarketing, the Remarketing Agent therefor will use its reasonable efforts to remarket such Note on behalf of the Beneficial Owner thereof at a price equal to 100% of the principal amount thereof. The Remarketing Agent may purchase tendered Notes for its own account in a remarketing, but will not be obligated to do so. The Company may offer to purchase Notes in a remarketing, provided that the interest rate established with respect to Notes in such remarketing is not different from the interest rate that would have been established if the Company had not purchased such Notes. Any Notes for which the Company shall have given a notice of redemption to the Trustee and the Remarketing Agent will not be considered in a remarketing.

Interest Rate Adjustment Date; Determination of Interest Rate. By 11:00 a.m., New York City time, on the Interest Rate Adjustment Date for any Note, the applicable Remarketing Agent will determine the interest rate for such Note being remarketed to the nearest one hundred thousandth (0.00001) of one percent per annum for the next Interest Rate Period in the case of a fixed interest rate, and the Spread (if any) and Spread Multiplier (if any) in the case of a floating interest rate; provided, that between 11:00 a.m., New York City time, and 11:50 a.m., New York City time, the Remarketing Agent and the Standby Remarketing Agent, if any, will use their reasonable efforts to determine the interest rate for any Notes not successfully remarketed as of the applicable deadline specified in this paragraph. In determining the applicable interest rate for such Note and other terms, such Remarketing Agent will, after taking into account market conditions as reflected in the prevailing yields on fixed and variable rate taxable debt securities, (i) consider the principal amount of all Notes tendered or to be tendered on such date and the principal amount of such Notes prospective purchasers are or may be willing to purchase and (ii) contact, by telephone or otherwise, prospective purchasers and ascertain the interest rates therefor at which they would be willing to hold or purchase such Notes.

Notification of Results; Settlement. By 12:30 p.m., New York City time, on the Interest Rate Adjustment Date of any Notes, the applicable Remarketing Agent will notify the Company and the Trustee in writing (which may include facsimile or other electronic transmission), of (i) the interest rate or, in the case of a floating interest rate, the initial interest rate, the Spread and Spread Multiplier and the initial Interest Reset Date (as defined below), applicable to such Notes for the next Interest Rate Period, (ii) the Interest Rate Adjustment Date, (iii) the Interest Payment Dates for any Notes in the Commercial Paper Term Mode (if other than the Interest Rate Adjustment Date), the Long Term Rate Mode or the SPURS Mode, (iv) the optional redemption terms, if any, and early remarketing terms, if any, in the case of a remarketing into a Long Term Rate Period, (v) the aggregate principal amount of tendered Notes and (vi) the aggregate principal amount of such tendered Notes that such Remarketing Agent was able to remarket, at a price equal to 100% of the principal amount thereof plus accrued interest, if any. Immediately after receiving such notice and, in any case, not later than 1:30 p.m., New York City time, the Trustee will transmit such information and any other settlement information required by DTC to DTC in accordance with DTC's procedures as in effect from time to time.

By telephone at approximately 1:00 p.m., New York City time, on such Interest Rate Adjustment Date, the applicable Remarketing Agent will advise each purchaser of Notes (or the DTC Participant of each such purchaser who it is expected in turn will advise such purchaser) of the principal amount of such Notes that such purchaser is to purchase.

Each purchaser of Notes in a remarketing will be required to give instructions to its DTC Participant to pay the purchase price therefor in same day funds to the applicable Remarketing Agent against delivery of the principal amount of such Notes by book-entry through DTC by 3:00 p.m., New York City time, on the Interest Rate Adjustment Date.

All tendered Notes will be automatically delivered to the account of the Trustee (or such other account meeting the requirements of DTC's procedures as in effect from time to time), by book-entry through DTC against payment of the purchase price or redemption price therefor, on the Interest Rate Adjustment Date relating thereto.

The applicable Remarketing Agent will make, or cause the Trustee to make, payment to the DTC participant of each tendering Beneficial Owner of Notes subject to a remarketing, by book-entry through DTC by the close of business on the Interest Rate Adjustment Date against delivery through DTC of such Beneficial Owner's tendered Notes, of the purchase price for tendered Notes that have been sold in the remarketing. If any such Notes were purchased pursuant to a Special Mandatory Purchase (as defined below), subject to receipt of funds from the Company or, if applicable, an institution providing credit

support, as the case may be, the Trustee will make such payment of the purchase price of such Notes plus accrued interest, if any, to such date.

The transactions described above for a remarketing of any Notes will be executed on the Interest Rate Adjustment Date for such Notes through DTC in accordance with the procedures of DTC, and the accounts of the respective DTC Participants will be debited and credited and such Notes delivered by book-entry as necessary to effect the purchases and sales thereof, in each case as determined in the related remarketing.

Except as otherwise set forth below under "—Purchase and Redemption of Notes," any Notes tendered in a remarketing will be purchased solely out of the proceeds received from purchasers of such Notes in such remarketing, and none of the Trustee, the applicable Remarketing Agent, any Standby Remarketing Agent or the Company will be obligated to provide funds to make payment upon any Beneficial Owner's tender in a remarketing.

Although tendered Notes will be subject to purchase by a Remarketing Agent in a remarketing, such Remarketing Agent and any Standby Remarketing Agent will not be obligated to purchase any such Notes.

The settlement and remarketing procedures described above, including provisions for payment by purchasers of tendered Notes or for payment to selling Beneficial Owners of tendered Notes, may be modified to the extent required by DTC. In addition, each Remarketing Agent may, in accordance with the terms of the Indenture, modify the settlement and remarketing procedures set forth above in order to facilitate the settlement and remarketing process.

As long as DTC's nominee holds the certificates representing the Notes in the book-entry system of DTC, no certificates for such Notes will be delivered by any selling Beneficial Owner to reflect any transfer of Notes effected in any remarketing.

Failed Remarketing. Notes not successfully remarketed will be subject to Special Mandatory Purchase by the Company (a "Special Mandatory Purchase"). The procedures for a Special Mandatory Purchase are described below under "—Purchase and Redemption of Notes—Special Mandatory Purchase."

Purchase and Redemption of Notes

Special Mandatory Purchase. Subject to certain exceptions, if on any Interest Rate Adjustment Date for any Notes, the applicable Remarketing Agent and the applicable Standby Remarketing Agent(s) have not remarketed all such Notes, the Notes that have not been remarketed are subject to Special Mandatory Purchase by the Company. The Company is obligated to pay all accrued and unpaid interest, if any, on unremarketed Notes to such Interest Rate Adjustment Date. Payment of the principal amount of unremarketed Notes by the Company, and payment of accrued and unpaid interest, if any, by the Company, will be made by deposit of same-day funds with the Trustee (or such other account meeting the requirements of DTC's procedures as in effect from time to time) irrevocably in trust for the benefit of the Beneficial Owners of Notes subject to Special Mandatory Purchase by 3:00 p.m., New York City time, on such Interest Rate Adjustment Date.

Failure by the Company to purchase Notes pursuant to a Special Mandatory Purchase will constitute an Event of Default under the Indenture in which event the date of such failure shall constitute a date of Maturity for such Notes and the principal thereof may be declared due and payable in the manner and with the effect provided in the Indenture. Following such failure to pay pursuant to a Special Mandatory Purchase, such Notes will bear interest at the Special Interest Rate as provided above under "—Conversion to New Interest Rate Mode—Determination of Interest Rates."

Optional Redemption on any Interest Rate Adjustment Date. Each Note will be subject to redemption at the option of the Company in whole or in part on any Interest Rate Adjustment Date relating thereto without notice to the holders thereof at a redemption price equal to 100% of the principal amount thereof.

Redemption While Notes are in the Long Term Rate Mode. Any Notes in the Long Term Rate Mode are subject to redemption at the option of the Company at the times and upon the terms specified at the time of conversion to or within such Long Term Rate Mode.

Allocation. Except in the case of a Special Mandatory Purchase, if the Notes are to be redeemed in part, DTC, after receiving notice of redemption specifying the aggregate principal amount of Notes to be so redeemed, will determine by lot (or otherwise in accordance with the procedures of DTC) the principal amount of such Notes to be redeemed from the account of each DTC Participant. After making its determination as described above, DTC will give notice of such determination to each DTC Participant from whose account such Notes are to be redeemed. Each such DTC Participant, upon receipt of such notice will in turn determine the principal amount of Notes to be redeemed from the accounts of the Beneficial Owners of such Notes for which it serves as DTC Participant, and give notice of such determination to the Remarketing Agent.

SPURS Mode

Except as otherwise specified in an applicable prospectus supplement or other offering memorandum, if so designated by the Company prior to commencement of an Interest Rate Period in accordance with the procedures described above under "—Conversion to New Interest Rate Mode," during a period in which Notes are in the SPURS Mode the Notes shall bear interest and be subject to remarketing by a SPURS Agent designated by the Company as described below.

General. Each Note in the SPURS Mode will bear interest at the annual interest rate established by the SPURS Agent from, and including, the Interest Rate Adjustment Date commencing the Interest Rate Period for the SPURS Mode to, but excluding, the date (the "SPURS Remarketing Date") designated at such time by the SPURS Agent after consultation with the Company. Such interest rate will be the minimum rate of interest and, in the case of a floating interest rate, Spread (if any) and Spread Multiplier (if any) necessary in the judgment of such SPURS Agent to produce a par bid in the secondary market for such Note on the date the interest rate is established. The designated SPURS Remarketing Date shall be an Interest Payment Date within such Interest Rate Period. If the SPURS Agent elects to remarket the Notes (except in the limited circumstances described herein) (i) the Notes will be subject to mandatory tender to the SPURS Agent at 100% of the principal amount thereof for remarketing on the SPURS Remarketing Date, on the terms and subject to the conditions described herein, and (ii) from, and including, the SPURS Remarketing Date to, but excluding, the next succeeding Interest Rate Adjustment Date, the Notes will bear interest at the rate determined by the SPURS Agent in accordance with the procedures set forth below (the "SPURS Interest Rate"). See "—Tender; Remarketing" below.

Under the circumstances described below, the Notes are subject to remarketing in a new Interest Rate Mode or repurchase by the Company on the SPURS Remarketing Date. See "—Conversion or Redemption Following Election by the SPURS Agent to Remarket" below. If the SPURS Agent does not elect to purchase the Notes for remarketing on the SPURS Remarketing Date or if the SPURS Agent gives notice of its election to remarket the Notes but for any reason does not purchase all tendered Notes on the SPURS Remarketing Date, then as of such date the Notes will cease to be in the SPURS Mode, the SPURS Remarketing Date will constitute an Interest Rate Adjustment Date, and the Notes will be subject to remarketing on such date by a Remarketing Agent appointed by the Company in the Commercial Paper Term Mode or the Long Term Rate Mode or a new SPURS Mode established by the Company in accordance with the procedures described above under "—Conversion to New Interest Rate Mode;" provided that, in such case, the notice period required for conversion shall be the lesser of ten (10) days

and the period commencing the date that the SPURS Agent notifies the Company that it will not purchase the Notes for remarketing on the SPURS Remarketing Date or fails to so purchase, as the case may be.

Tender; Remarketing. The following description sets forth the terms and conditions of the remarketing of the Notes, in the event that the SPURS Agent elects to purchase the Notes and remarkets the Notes on the SPURS Remarketing Date.

Provided that the SPURS Agent gives notice to the Company and the Trustee on a Business Day not later than five (5) days prior to the SPURS Remarketing Date of its intention to purchase the Notes for remarketing (the "Notification Date"), each Note will be automatically tendered, or deemed tendered, to the SPURS Agent for remarketing at the SPURS Interest Rate on the SPURS Remarketing Date, except in the circumstances described above. The purchase price for the tendered Notes to be paid by the SPURS Agent will equal 100% of the principal amount thereof. See "—Notification of Results; Settlement" below. When the Notes are tendered for remarketing, the SPURS Agent may remarket the Notes for its own account at varying prices to be determined by the SPURS Agent at the time of each sale. From, and including, the SPURS Remarketing Date to, but excluding, the next succeeding Interest Rate Adjustment Date, the Notes will bear interest at the SPURS Interest Rate. If the SPURS Agent elects to remarket the Notes, the obligation of the SPURS Agent to purchase the Notes on the SPURS Remarketing Date is subject to certain conditions. See "—The SPURS Agent."

The SPURS Interest Rate shall be determined by the SPURS Agent by 3:30 p.m., New York City time, on the third Business Day immediately preceding the SPURS Remarketing Date (the "Determination Date") to the nearest one hundred-thousandth (0.00001) of one percent per annum and will be equal to the Base Rate established by the SPURS Agent, after consultation with the Company, at or prior to the commencement of the SPURS Mode (the "Base Rate"), plus the Applicable Spread (as defined below), which will be based on the Dollar Price (as defined below) of the Notes.

For the purposes of such calculations, the following terms have the following meanings:

"Applicable Spread" means the lowest bid indication, expressed as a spread (in the form of a percentage or in basis points) above the Base Rate, obtained by the SPURS Agent on the Determination Date from the bids quoted by up to five Reference Corporate Dealers (as defined below) for the full aggregate outstanding principal amount of the Notes at the Dollar Price, but assuming (i) an issue date equal to the SPURS Remarketing Date, with settlement on such date without accrued interest, (ii) a maturity date equal to the next succeeding Interest Rate Adjustment Date of the Notes, and (iii) a stated annual interest rate, payable semiannually on each Interest Payment Date, equal to the Base Rate plus the spread bid by the applicable Reference Corporate Dealer. If fewer than five Reference Corporate Dealers bid as described above, then the Applicable Spread shall be the lowest of such bid indications obtained as described above. The SPURS Interest Rate announced by the SPURS Agent, absent manifest error, shall be binding and conclusive upon the Beneficial Owners and holders of the Notes, the Company and the Trustee.

"Comparable Treasury Issues" means the United States Treasury security or securities selected by the SPURS Agent as having an actual or interpolated maturity or maturities comparable or applicable to the remaining term to the next succeeding Interest Rate Adjustment Date of the Notes being purchased.

"Comparable Treasury Price" means, with respect to the SPURS Remarketing Date, (a) the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) at 11:00 a.m. on the Determination Date, as set forth on Telerate Page 500 (or such other page as may replace Telerate Page 500) or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on such Determination Date, (i) the average of the Reference Treasury Dealer Quotations (as defined below) for such SPURS Remarketing Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the SPURS Agent obtains fewer than four such Reference

Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. "Telerate Page 500" means the display designated as "Telerate Page 500" on Dow Jones Markets (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in (a) above as may replace Dow Jones Markets.

"Dollar Price" means, with respect to the Notes, the present value determined by the SPURS Agent, as of the SPURS Remarketing Date, of the Remaining Scheduled Payments (as defined below) discounted to the SPURS Remarketing Date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at the Treasury Rate (as defined below).

"Reference Corporate Dealers" means such Reference Corporate Dealers as shall be appointed by the SPURS Agent after consultation with the Company.

"Reference Treasury Dealer" means such Reference Treasury Dealer as shall be appointed by the SPURS Agent after consultation with the Company.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and the SPURS Remarketing Date, the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) quoted in writing to the SPURS Agent by such Reference Treasury Dealer by 3:30 p.m., New York City time, on the Determination Date.

"Remaining Scheduled Payments" means, with respect to the Notes, the remaining scheduled payments of the principal thereof and interest thereon, calculated at the Base Rate only, that would be due after the SPURS Remarketing Date to and including the next succeeding Interest Rate Adjustment Date.

"Treasury Rate" means, with respect to the SPURS Remarketing Date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) yield to maturity of the Comparable Treasury Issues (as defined above), assuming a price for the Comparable Treasury Issues (expressed as a percentage of its principal amount), equal to the Comparable Treasury Price (as defined above) for such SPURS Remarketing Date.

Notification of Results; Settlement. Provided the SPURS Agent has previously notified the Company and the Trustee on the Notification Date of its intention to purchase all tendered Notes on the SPURS Remarketing Date, the SPURS Agent will notify the Company, the Trustee and DTC by telephone, confirmed in writing, by 4:00 p.m., New York City time, on the Determination Date, of the SPURS Interest Rate.

All of the tendered Notes will be automatically delivered to the account of the Trustee, by book-entry through DTC pending payment of the purchase price therefor, on the SPURS Remarketing Date.

In the event that the SPURS Agent purchases the tendered Notes on the SPURS Remarketing Date, the SPURS Agent will make or cause the Trustee to make payment to the DTC Participant of each tendering Beneficial Owner of Notes, by book-entry through DTC by the close of business on the SPURS Remarketing Date against delivery through DTC of such Beneficial Owner's tendered Notes. If the SPURS Agent does not purchase all of the Notes on the SPURS Remarketing Date, the Company may attempt to convert the Notes to a new Interest Rate Mode; the interest rate will be determined as provided above in "—Conversion to New Interest Rate Mode—Determination of Interest Rates;" and settlement will be effected as described above under "—Remarketing—Notification of Results; Settlement" or "—Failed Remarketing," as the case may be. In any case, the Company will make or cause the Trustee to make payment of interest to each Beneficial Owner of Notes due on the SPURS Remarketing Date by book-entry through DTC by the close of business on the SPURS Remarketing Date.

The transactions described above will be executed on the SPURS Remarketing Date through DTC in accordance with the procedures of DTC, and the accounts of the respective DTC participants will be

debited and credited and the Notes delivered by book-entry as necessary to effect the purchases and sales thereof.

Transactions involving the sale and purchase of Notes remarketed by the SPURS Agent on and after the SPURS Remarketing Date will settle in immediately available funds through DTC's Same-Day Funds Settlement System.

The tender and settlement procedures described above, including provisions for payment by purchasers of Notes in the remarketing or for payment to selling Beneficial Owners of tendered Notes, may be modified to the extent required by DTC or to the extent required to facilitate the tender and remarketing of Notes in certificated form, if the book-entry system is no longer available for the Notes at the time of the remarketing. In addition, the SPURS Agent may, in accordance with the terms of the Indenture, modify the tender and settlement procedures set forth above in order to facilitate the tender and settlement process.

As long as DTC's nominee holds the certificates representing any Notes in the book-entry system of DTC, no certificates for such Notes will be delivered by any selling Beneficial Owner to reflect any transfer of such Notes effected in the remarketing. In addition, under the terms of the Notes and the SPURS Remarketing Agreement (described below), the Company will agree that, notwithstanding any provision to the contrary set forth in the Indenture, (i) it will use reasonable commercial efforts to maintain the Notes in book-entry form with DTC or any successor thereto and to appoint a successor depositary to the extent necessary to maintain the Notes in book-entry form, and (ii) it will waive any discretionary right it otherwise has under the Indenture to cause the Notes to be issued in certificated form.

The SPURS Agent. If the Notes are to be remarketed in the SPURS Mode, the Company and the SPURS Agent will enter into a SPURS Remarketing Agreement (a "SPURS Remarketing Agreement"), the general terms and provisions of which are summarized below.

The SPURS Agent will not receive any fees or reimbursement of expenses from the Company in connection with the remarketing in the SPURS Mode.

The Company will agree to indemnify the SPURS Agent against certain liabilities, including liabilities under the Securities Act, arising out of or in connection with its duties under the SPURS Remarketing Agreement.

In the event that the SPURS Agent elects to remarket the Notes as described herein, the obligation of the SPURS Agent to purchase Notes from tendering Beneficial Owners of Notes will be subject to several conditions precedent set forth in the SPURS Remarketing Agreement, including the conditions that, since the Notification Date, no material adverse change in the consolidated financial condition, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries, considered as one enterprise, shall have occurred and that no Event of Default (as defined in the Indenture), or any event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, with respect to the Notes shall have occurred and be continuing. In addition, the SPURS Remarketing Agreement will provide for the termination thereof, or redetermination of the SPURS Interest Rate, by the SPURS Agent on or before the SPURS Remarketing Date, upon the occurrence of certain events as set forth in the SPURS Remarketing Agreement.

No holder or Beneficial Owner of any Notes will have any rights or claims under the SPURS Remarketing Agreement or against the SPURS Agent as a result of the SPURS Agent not purchasing such Notes.

A SPURS Remarketing Agreement will also provide that the SPURS Agent may resign at any time as SPURS Agent, such resignation to be effective 10 days after the delivery to the Company and the Trustee of notice of such resignation. In such case, it shall be the sole obligation of the Company to appoint a successor SPURS Agent.

The SPURS Agent, in its individual or any other capacity, may buy, sell, hold and deal in any of the Notes. The SPURS Agent may exercise any vote or join in any action that any Beneficial Owner of Notes may be entitled to exercise or take with like effect as if it did not act in any capacity under the applicable SPURS Remarketing Agreement. The SPURS Agent, in its individual capacity, either as principal or agent, may also engage in or have an interest in any financial or other transaction with the Company as freely as if did not act in any capacity under the SPURS Remarketing Agreement.

The summaries herein of certain provisions of a SPURS Remarketing Agreement do not purport to be complete, and are subject to, and are qualified in their entirety by reference to, the provisions of any SPURS Remarketing Agreement.

Conversion or Redemption Following Election by the SPURS Agent to Remarket. If the SPURS Agent elects to remarket the Notes on the SPURS Remarketing Date, the Notes will be subject to mandatory tender to the SPURS Agent for remarketing on such date, in each case subject to the conditions described above under "—Tender; Remarketing" and to the Company's right to either convert the Notes to a new Interest Rate Mode on the SPURS Remarketing Date or to redeem the Notes from the SPURS Agent, in each case as described in the next sentence. The Company will notify the SPURS Agent and the Trustee, not later than the Business Day immediately preceding the Determination Date, if the Company irrevocably elects to exercise its right to either convert the Notes to a new Interest Rate Mode, or to redeem the Notes, in whole but not in part, from the SPURS Agent at the Optional Redemption Price, in each case on the SPURS Remarketing Date.

In the event that the Company irrevocably elects to convert the Notes to a new Interest Rate Mode, then as of the SPURS Remarketing Date the Notes will cease to be in the SPURS Mode, the SPURS Remarketing Date will constitute an Interest Rate Adjustment Date, and the Notes will be subject to remarketing on such date by a Remarketing Agent appointed by the Company in the Commercial Paper Term Mode or the Long Term Rate Mode or a new SPURS Mode established by the Company in accordance with the procedures described above under "—Conversion Between Interest Rate Modes," provided that, in such case, the notice period required for conversion shall be the period commencing on the Determination Date. In such case, the Company shall pay to the SPURS Agent the excess of the Dollar Price of the Notes over 100% of the principal amount of the Notes in same-day funds by wire transfer to an account designated by the SPURS Agent on the SPURS Remarketing Date.

In the event that the Company irrevocably elects to redeem the Notes, the "Optional Redemption Price" shall be the greater of either (i) 100% of the principal amount of the Notes or (ii) the Dollar Price, plus in either case accrued and unpaid interest from the SPURS Remarketing Date on the principal amount being redeemed to the date of redemption. If the Company elects to redeem the Notes, it shall pay the redemption price therefor in same-day funds by wire transfer to an account designated by the SPURS Agent on the SPURS Remarketing Date.

Floating Interest Rates

While any Note bears interest in the Long Term Rate Mode or the SPURS Mode (with respect to the period from, and including, the Interest Rate Adjustment Date commencing such period to, but excluding, the SPURS Remarketing Date), the Company may elect a floating interest rate by providing notice, which will be submitted or promptly confirmed in writing (which includes facsimile or appropriate electronic media), received by the Trustee and the Remarketing Agent for such Note (the "Floating Interest Rate Notice") not less than ten (10) days prior to the Interest Rate Adjustment Date for such Long Term Rate or SPURS Rate Period. The Floating Interest Rate Notice must identify by CUSIP number or otherwise

the portion of the Note to which it relates and state the Interest Rate Period (or portion thereof, in the case of the SPURS Mode) therefor to which it relates. Each Floating Interest Rate Notice must also state the Interest Rate Basis or Bases, the initial Interest Reset Date, the Interest Reset Period and Dates, the Interest Rate Period and Dates, the Index Maturity (as defined below) and the Floating Rate Maximum Interest Rate (as defined below) and/or Floating Rate Minimum Interest Rate (as defined below), if any. If one or more of the applicable Interest Rate Bases is LIBOR or the CMT Rate, the Floating Interest Rate Notice will also specify the Index Currency and Designated LIBOR Page or the Designated CMT Maturity Index and Designated CMT Telerate Page, respectively, as such terms are defined below.

If any Note bears interest at a floating rate in a Long Term Rate Period or SPURS Rate Period, such Note will bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any, specified by the Remarketing Agent, in the case of a Long Term Rate Period, or the SPURS Agent, in the case of a SPURS Rate Period. Commencing on the Interest Rate Adjustment Date for such Interest Rate Period, the rate at which interest on such Note will be payable will be reset as of each Interest Reset Date during such Interest Rate Period specified in the applicable Floating Interest Rate Notice.

The "Spread" is the number of basis points to be added to or subtracted from the related Interest Rate Basis or Bases applicable to an Interest Rate Period for such Note. The "Spread Multiplier" is the percentage of the related Interest Rate Basis or Bases applicable to such Interest Rate Period by which such Interest Rate Basis or Bases will be multiplied to determine the applicable interest rate from time to time for such Long Term Rate Period or SPURS Rate Period, as the case may be. The "Index Maturity" is the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Bases will be calculated.

The applicable floating interest rate on any Note during any Interest Rate Period will be determined by reference to the applicable Interest Rate Basis or Interest Rate Bases, which may include (i) the CD Rate, (ii) the CMT Rate, (iii) the Federal Funds Rate, (iv) LIBOR, (v) the Prime Rate, (vi) the Treasury Rate or (vii) such other Interest Rate Basis or interest rate formulas may be specified in the applicable Floating Interest Rate Notice (each, an "Interest Rate Basis").

Unless otherwise specified in the applicable Floating Interest Rate Notice, the interest rate with respect to each Interest Rate Basis will be determined in accordance with the applicable provisions below. Except as set forth above or in the applicable Floating Interest Rate Notice, the interest rate in effect on each day will be (i) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined below) immediately preceding such Interest Reset Date or (ii), if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date. If any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date will be postponed to the next succeeding Business Day, unless LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, in which case such Interest Reset Date will be the immediately preceding Business Day. In addition, if the Treasury Rate is an applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day.

The applicable Floating Interest Rate Notice will specify whether the rate of interest will be reset daily, weekly, monthly, quarterly, semiannually or annually or on such other specified basis (each, an "Interest Reset Period") and the dates on which such rate of interest will be reset (each, an "Interest Reset Date"). Unless otherwise specified in the applicable Floating Interest Rate Notice, the Interest Reset Dates will be, in the case of a floating interest rate which resets: (i) daily, each Business Day; (ii) weekly, the Wednesday of each week (unless the Treasury Rate is an applicable Interest Rate Basis, in which case the Tuesday of each week except as described below); (iii) monthly, the third Wednesday of each month; (iv) quarterly, the third Wednesday of March, June, September and December of each year,

(v) semiannually, the third Wednesday of the two months specified in the applicable Floating Interest Rate Notice; and (vi) annually, the third Wednesday of the month specified in the applicable Floating Interest Rate Notice.

The interest rate applicable to each Interest Reset Period commencing on the related Interest Reset Date will be the rate determined as of the applicable Interest Determination Date. The "Interest Determination Date" with respect to the CD Rate, the CMT Rate, the Federal Funds Rate and the Prime Rate will be the second Business Day immediately preceding the applicable Interest Reset Date; and the "Interest Determination Date" with respect to LIBOR will be the second London Business Day immediately preceding the applicable Interest Reset Date, unless the Index Currency is British pounds sterling, in which case the "Interest Determination Date" will be the applicable Interest Reset Date. The "Interest Determination Date" with respect to the Treasury Rate will be the day in the week in which the applicable Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at an auction held on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the "Interest Determination Date" will be such preceding Friday. If the interest rate of any Note is a floating interest rate determined with reference to two or more Interest Rate Bases specified in the applicable Floating Interest Rate Notice, the "Interest Determination Date" pertaining to the Note will be the most recent Business Day which is at least two Business Days prior to the applicable Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis will be determined as of such date, and the applicable interest rate will take effect on the related Interest Reset Date.

Either or both of the following may also apply to the floating interest rate on any Note for an Interest Rate Period: (i) a floating rate maximum interest rate, or ceiling, that may accrue during any Interest Reset Period (the "Floating Rate Maximum Interest Rate") and (ii) a floating rate minimum interest rate, or floor, that may accrue during any Interest Reset Period (the "Floating Rate Minimum Interest Rate"). In addition to any Floating Rate Maximum Interest Rate that may apply, the interest rate on any Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States laws of general application.

Except as provided below or in the applicable Floating Interest Rate Notice, interest will be payable, in the case of floating interest rates which reset: (i) daily, weekly or monthly, on the third Wednesday of each month; (ii) quarterly, on the third Wednesday of March, June, September and December of each year; (iii) semiannually, on the third Wednesday of the two months of each year specified in the applicable Floating Interest Rate Notice; and (iv) annually, on the third Wednesday of the month of each year specified in the applicable Floating Interest Rate Notice and, in each case, on the Business Day immediately following the applicable Long Term Rate Period or SPURS Rate Period, as the case may be. If any Interest Payment Date for the payment of interest at a floating rate (other than following the end of the applicable Long Term Rate Period or SPURS Rate Period, as the case may be) would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, except that if LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day.

All percentages resulting from any calculation of floating interest rates will be rounded to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all amounts used in or resulting from such calculation will be rounded, in the case of United States dollars, to the nearest cent or, in the case of a foreign currency or composite currency, to the nearest unit (with one-half cent or unit being rounded upwards).

Accrued floating rate interest will be calculated by multiplying the principal amount of the applicable Note by an accrued interest factor. Such accrued interest factor will be computed by adding the interest factor calculated for each day in the applicable Interest Reset Period. Unless otherwise specified in the applicable Floating Interest Rate Notice, the interest factor for each such day will be computed by dividing the interest rate applicable to such day by 360, if an applicable Interest Rate Basis is the CD Rate, the Federal Funds Rate, LIBOR or the Prime Rate, or by the actual number of days in the year if an applicable Interest Rate Basis is the CMT Rate or the Treasury Rate. Unless otherwise specified in the applicable Floating Interest Rate Notice, if the floating interest rate is calculated with reference to two or more Interest Rate Bases, the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied as specified in the applicable Floating Interest Rate Notice.

Prior to having Notes remarketed with a floating interest rate, the Company will select a calculation agent (the "Calculation Agent"). For any Note bearing interest at a floating rate, the applicable Remarketing Dealer will determine the interest rate in effect from the Interest Rate Adjustment Date for such Note to the initial Interest Reset Date. The Calculation Agent will determine the interest rate in effect for each Interest Reset Period thereafter. Upon request of the Beneficial Owner of a Note, after any Interest Rate Adjustment Date, the Calculation Agent or the Remarketing Dealer will disclose the interest rate and, in the case of a floating interest rate, Interest Rate Basis or Bases, Spread (if any) and Spread Multiplier (if any), and in each case the other terms applicable to such Note then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next succeeding Interest Reset Date with respect to such Note. Except as described herein with respect to a Note earning interest at floating rates, no notice of the applicable interest rate, Spread (if any) or Spread Multiplier (if any) will be sent to the Beneficial Owner of any Note.

Unless otherwise specified in the applicable Floating Interest Rate Notice, the "Calculation Date," if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity, as the case may be.

CD Rate. If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "CD Rate," the CD Rate means, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the CD Rate (a "CD Rate Interest Determination Date"), the rate on such date for negotiable United States dollar certificates of deposit having the Index Maturity specified in the applicable Floating Interest Rate Notice as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" or any successor publication ("H.15(519)") under the heading "CDs (Secondary Market)," or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable United States dollar certificates of deposit of the Index Maturity specified in the applicable Floating Interest Rate Notice as published by the Federal Reserve Bank of New York in its daily statistical release "Composite 3:30 P.M. Quotations for United States Government Securities" or any successor publication ("Composite Quotations") under the heading "Certificates of Deposit." If such rate is not yet published in either H.15(519) or Composite Quotations by 3:00 p.m., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable United States dollar certificates of deposit in the City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent, after consultation with the Company, for negotiable United States dollars certificates of deposit of major United States money center banks for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity specified in the applicable Floating Interest Rate Notice in an amount that is representative for a single transaction in that market at that time; provided, however, that if

the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

CMT Rate. If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "CMT Rate," the CMT Rate means, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the CMT Rate (a "CMT Rate Interest Determination Date"), the rate displayed on the Designated CMT Telerate Page (as defined below) under the caption "...Treasury Constant Maturities ... Federal Reserve Board Release H.15 ... Mondays Approximately 3:45 P.M.," under the column for the Designated CMT Maturity Index (as defined below) for (i) if the Designated CMT Telerate Page is 7055, the rate on such CMT Rate Interest Determination Date and (ii) if the Designated CMT Telerate Page is 7052, the weekly or monthly average, as specified in the Floating Interest Rate Notice, for the week or the month, as applicable, ended immediately preceding the week or the month, as applicable, in which the related CMT Rate Interest Determination Date occurs. If such rate is no longer displayed on the relevant page or is not displayed by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index as published in H.15(519). If such rate is no longer published or is not published by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate on such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index) for the CMT Rate Interest Determination Date with respect to such Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in H.15(519). If such information is not provided by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate on the CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers (each, a "Reference Dealer") in the City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent after consultation with the Company (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for the most recently issued direct noncallable fixed rate obligations of the United States ("Treasury Notes") with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent is unable to obtain three such Treasury Note quotations, the CMT Rate on such CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers in the City of New York (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least U.S. $100 million. If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate will be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of such quotes will be eliminated; provided, however, that if fewer than three Reference Dealers so selected by the Calculation Agent, after consultation with the Company, are quoting as mentioned herein, the CMT Rate determined as of such CMT Rate Interest Determination

Date will be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two Treasury Notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the Calculation Agent, after consultation with the Company, will obtain from five Reference Dealers quotations for the Treasury Note with the shorter remaining term to maturity.

"Designated CMT Telerate Page" means the display on the Dow Jones Markets (or any successor service) on the page specified in the applicable Floating Interest Rate Notice (or any other page as may replace such page on such service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519)) for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If no such page is specified in the applicable Floating Interest Rate Notice, the shall be 7052 for the most recent week.

"Designated CMT Maturity Index" means the original period to maturity of the United States Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the applicable Floating Interest Rate Notice with respect to which the CMT Rate will be calculated. If no such maturity is specified in the applicable Floating Interest Rate Notice, the Designated CMT Maturity Index shall be 2 years.

Federal Funds Rate. If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice, as the "Federal Funds Rate", the Federal Funds Rate means, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the Federal Funds Rate (a "Federal Funds Rate Interest Determination Date"), the rate on such date for United States dollar federal funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not published by 3:00 p.m., New York City time, on the Calculation Date, the rate on such Federal Funds Rate Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If such rate is not published in either H.15(519) or Composite Quotations by 3:00 p.m., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in The City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent after consultation with the Company, prior to 9:00 a.m., New York City time, on such Federal Funds Rate Interest Determination Date; *provided, however,* that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as "LIBOR," LIBOR means the rate determined by the Calculation Agent as of the applicable Interest Determination Date (a "LIBOR Interest Determination Date") in accordance with the following provisions:

(i) If (a) "LIBOR Reuters" is specified in the applicable Floating Interest Rate Notice, the arithmetic mean of the offered rates (unless the Designated LIBOR Page (as defined below) by its terms provides only for a single rate, in which case such single rate will be used) for deposits in the Index Currency having the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page (as defined below) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date, or (b) "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice, or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice as the method for calculating LIBOR, the rate for deposits in the Index Currency having the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on such Interest Reset Date, that appears on the Designated LIBOR

Page as of 11:00 a.m., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates appear, or if no such rate appears, as applicable, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause(i) above, the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, after consultation with the Company, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in such Index Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center selected by the Calculation Agent, after consultation with the Company, for loans in the Index Currency to leading European banks, having the Index Maturity specified in the applicable Floating Interest Rate Notice and in a principal amount that is representative for a single transaction in such Index Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

"Index Currency" means the currency or composite currency specified in the applicable Floating Interest Rate Notice as to which LIBOR will be calculated. If no such currency or composite currency is specified in the applicable Floating Interest Rate Notice, the Index Currency will be United States dollars.

"Principal Financial Center" means the capital city of the country issuing the Index Currency, except that with respect to United States dollars, Australian dollars, Deutsche marks, Dutch guilders, Italian lire, Swiss francs and ECUs, the Principal Financial Center will be The City of New York, Sydney, Frankfurt, Amsterdam, Milan, Zurich and Luxembourg, respectively.

"Designated LIBOR Page" means (a) if "LIBOR Reuters" is specified in the applicable Floating Interest Rate Notice, the display on the Reuter Monitor Money Rates Service (or any successor service), on the page specified in such Floating Interest Rate Notice (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Index Currency, or (b) if "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice as the method for calculating LIBOR, the display on the Dow Jones Markets (or any successor service) on the page specified in such Floating Interest Rate Notice (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Index Currency.

Prime Rate. If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "Prime Rate," Prime Rate means, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the Prime Rate (a "Prime Rate Interest Determination Date"), the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan." If such rate is not published prior to 3:00 p.m., New York City time, on the related Calculation Date, then the Prime Rate will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen U.S. PRIME 1 Page (as defined below) as such bank's prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen U.S. PRIME 1 Page for such Prime Rate Interest Determination Date, the Prime Rate will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by four major money center banks (which may include the Calculation Agent) in The City of New York selected by the Calculation Agent, after consultation with the Company. If fewer than four such quotations are so provided, the Prime Rate will be the arithmetic mean of four prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date as furnished in The City of New York by the major money center banks, if any, that have provided such quotations and by as many substitute banks or trust companies (which may include the Calculation Agent) as necessary in order to obtain four such prime rate quotations, provided such substitute banks or trust companies are organized and doing business under the laws of the United States, or any State thereof, have total equity capital of at least U.S. $500 million and are each subject to supervision or examination by Federal or State authority, selected by the Calculation Agent, after consultation with the Company, to provide such rate or rates; *provided, however,* that if the banks or trust companies so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen U.S. PRIME 1 Page" means the display designated as page "U.S. PRIME 1" on the Reuter Monitor Money Rates Service (or any successor service) on the U.S. PRIME 1 Page (or such other page as may replace the U.S. PRIME 1 Page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate. If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "Treasury Rate," Treasury Rate means, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the Treasury Rate (a "Treasury Rate Interest Determination Date"), as the rate from the auction held on such Treasury Rate Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified in the applicable Floating Interest Rate Notice, as such rate is published in H.15(519) under the heading "Treasury Bills-auction average (investment)" or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the auction average rate of such Treasury Bills (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the Auction of Treasury Bills having the Index Maturity specified in the applicable Floating Interest Rate Notice are not reported as provided above by 3:00 p.m., New York City time, on such Calculation Date, or if no such Auction is held, then the Treasury Rate will be calculated by the Calculation Agent, and will be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent, after consultation with the Company, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Floating Interest Rate Notice; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as

of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

Remarketing Agents

The Remarketing Agreement. The Company and each Remarketing Agent for the Notes will enter into a Remarketing Agreement. The summaries below are summaries of certain expected provisions in such Remarketing Agreements and do not purport to be complete and are subject to, and qualified in their entirety by, the provisions of any Remarketing Agreement. The terms of the Initial SPURS Remarketing Agreement are described under "—Mandatory Tender to Initial SPURS Agent—Initial SPURS Agent." The general provisions of any other SPURS Remarketing Agreement are described above under "—SPURS Mode—The SPURS Agent."

Fees and Expenses. For its services in determining the interest rate and remarketing Notes, each Remarketing Agreement is expected to provide that, the Remarketing Agent will receive from the Company a fee to be determined in accordance with the Remarketing Agreement. The Remarketing Agent may pay to selected broker-dealers a portion of any fees it receives from the Company for its services as Remarketing Agent reflecting Notes sold through such broker-dealers to purchasers in remarketings.

Indemnification of Remarketing Agent. The Company, if applicable, will agree to indemnify the Remarketing Agent against certain liabilities, including liabilities under the Securities Act arising out of or in connection with its duties under the Remarketing Agreement.

Conditions to the Remarketing Agent's Obligations. The obligation of the Remarketing Agent to remarket Notes and perform its other obligations under a Remarketing Agreement are expected to be subjected to certain conditions, including (a) the accuracy of certain representations and warranties by the Company and the performance by the Company of its obligations and agreements set forth in the Remarketing Agreement; (b) the absence of certain adverse events; and (c) between the time at which the interest rate on any Note is established and the time at which payment therefor is to be made, the rating of the Notes not having been downgraded or put on Credit Watch or Watch List with negative implications or withdrawn by a national rating service, the effect of which, in the opinion of the Remarketing Agent, is to affect materially and adversely the market price of the Notes or the Remarketing Agent's ability to remarket the Notes.

Removal of the Remarketing Agent. Each Remarketing Agreement is expected to provide that the Company may in its absolute discretion remove any Remarketing Agent by giving prior notice to such Remarketing Agent, the Trustee and the other Remarketing Agents; provided, however, that if (i) such removed Remarketing Agent shall then be the sole Remarketing Agent or (ii) all of the remaining Remarketing Agents elect to resign or are removed within one week of delivery of such notice, then, except as provided in the following sentence, no such removal shall become effective until the Company shall have appointed a successor to perform the services of the Remarketing Agent under the Remarketing Agreement. In such case, the Company will use reasonable commercial efforts to appoint a successor Remarketing Agent as soon as reasonably practicable; provided, however, that, if the Company has not so appointed a successor Remarketing Agent within 90 days of delivery of such notice, the Remarketing Agreement shall automatically terminate on such 90th day.

Resignation of the Remarketing Agent. The Remarketing Agreement is also expected to provide that a Remarketing Agent may resign at any time as Remarketing Agent, such resignation to be effective 30 days after the delivery to the Company, the Trustee and the other Remarketing Agents of notice of such resignation; provided, however, that if (i) such resigning Remarketing Agent shall then be the sole Remarketing Agent or (ii) all of the remaining Remarketing Agents elect to resign or are removed within one week of delivery of such notice, then, except as provided in the following sentence, no such resignation

shall become effective until the Company shall have appointed at least one successor to perform the services of the Remarketing Agent under the Remarketing Agreement. In such case, the Company will use reasonable commercial efforts to appoint a successor Remarketing Agent as soon as reasonably practicable; provided, however, that, if the Company has not so appointed a successor Remarketing Agent within 90 days of delivery of such notice, the Remarketing Agreement shall automatically terminate on such 90th day. In such case, it shall be the sole obligation of the Company to appoint a successor Remarketing Agent. In certain circumstances, including upon the occurrence of certain events, a Remarketing Agent may resign effective immediately upon giving notice to the Company and the Trustee.

Credit Support

General. Credit support may be provided with respect to Notes in a particular Interest Rate Mode during all or any portion of an Interest Rate Period. Such credit support may be in the form of a Standby Note Purchase Agreement (a "Standby Note Purchase Agreement"), a letter of credit, a financial guaranty insurance policy, a limited guaranty issued by a guarantor, the establishment of one or more reserve funds, any other form of credit support or any combination of the foregoing. Unless otherwise specified in an applicable prospectus supplement or other Remarketing documents, no form of credit support will provide protection against all risks of loss or guarantee repayment of the entire principal of and interest on the Notes. The following summaries of terms of potential credit support arrangements are qualified in their entirety by reference to the provisions of any agreements governing such arrangements.

Standby Note Purchase Agreement. In order to support its obligation to purchase Notes pursuant to any Special Mandatory Purchase obligation, the Company may from time to time, at its option, enter into a Standby Note Purchase Agreement with one or more banks or other credit providers. Any such Standby Note Purchase Agreement would provide that, subject to certain conditions specified therein, the credit provider would advance funds for payment of the purchase price for Notes subject to a Special Mandatory Purchase.

Letter of Credit. The Company may from time to time, at its option, provide credit support for Notes in the form of a letter of credit from a bank or other financial institution. The coverage, amount and other terms of any such letter of credit would be specified in an applicable prospectus supplement or other offering document.

Financial Guaranty Insurance. The Company may from time to time, at its option, provide credit support for Notes in the form of a financial guaranty insurance policy which would guaranty payment of interest on and principal of the Notes. The coverage, amount and other terms of any such financial guaranty insurance policy would be specified in an applicable prospectus supplement or other offering document.

Limited Guaranty. The Company may from time to time, at its option, provide credit support for Notes in the form of a guaranty pursuant to which a guarantor agrees to provide the Company with sufficient funds to make timely interest and principal payments in the event the Company lacks sufficient resources to do so. The coverage, amount and other terms of any such guaranty would be specified in an applicable prospectus supplement or other offering document.

Reserve Funds. The Company may from time to time, at its option, provide credit support for Notes in a reserve fund established with the Trustee. The manner of funding any such reserve fund and the amounts required from time to time to be on deposit therein would be specified in an applicable prospectus supplement or other offering document.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary, which is based upon the advice of Palmer & Dodge LLP, special tax counsel to the Company, whose opinion is set forth herein, of certain United States Federal income tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, rulings and decisions now in effect (or, in the case of certain regulations, in proposed form), all of which are subject to change (including changes in effective dates) or possible differing interpretations. It deals only with purchasers who hold Notes as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding Notes as a hedge against currency risk or as a position in a "straddle" for tax purposes, or persons whose functional currency is not the U.S. dollar. In addition, this discussion does not deal with holders other than original purchasers (except where otherwise specifically noted). Persons considering the purchase of Notes should consult their own tax advisors concerning the application of United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof (other than a partnership that is not treated as a United States person under any applicable regulations of the U.S. Department of the Treasury ("Treasury" or "Treasury Department")), (iii) an estate whose income is subject to United States Federal income tax regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in Treasury regulations and guidance, certain trusts in existence on August 20, 1996, and treated as United States persons prior to such date, that elect to continue to be treated as United States persons also will be U.S. Holders. In general, any other person whose income or gain in respect of a Note is effectively connected with the conduct of a United States trade or business is also treated as a U.S. Holder. As used herein, the term "non-U.S. Holder" means a beneficial owner of a Note that is not a U.S. Holder.

U.S. Holders

The United States Federal income tax treatment of debt obligations such as the Notes is not certain. The proper treatment of the Notes will depend, in part, upon whether the Notes are treated as maturing on (i) the Stated Maturity or (ii) each Interest Rate Adjustment Date or SPURS Remarketing Date. Because the Notes are subject to mandatory tender at par on each Interest Rate Adjustment Date and SPURS Remarketing Date, the Company intends, for United States Federal income tax purposes, to treat the Notes as maturing and (in the case of Notes that are remarketed) as reissued on each Interest Rate Adjustment Date and SPURS Remarketing Date. By purchasing the Notes, a U.S. Holder agrees to follow such treatment for United States Federal income tax purposes. Except where indicated to the contrary, the following discussion assumes such treatment of the Notes for United States Federal income tax purposes.

Payments of Interest. Interest on the Notes during the period commencing on the date of initial issuance to, but excluding, July 15, 2001 (the "Initial Interest Rate Period") and during each subsequent period commencing on an Interest Rate Adjustment Date or a SPURS Remarketing Date and ending on the day before the next Interest Rate Adjustment Date or SPURS Remarketing Date (a "Subsequent Interest Rate Period") of more than one year will constitute "qualified stated interest" and generally will be taxable to a U.S. Holder as ordinary interest income at the time it is accrued or received, in accordance with the U.S. Holder's regular method of tax accounting. If a Subsequent Interest Rate Period of one year or less is established for the Notes, however, interest on the Notes during that Subsequent Interest Rate Period may be treated as original issue discount. See "*—Short-term Obligations*," below.

Original Issue Discount. The Notes will not be treated as issued with original issue discount (except as described below under "—*Short-term Obligations*") if (i) their issue price (generally, the first price at which a substantial amount of such Notes has been sold or remarketed (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers)) is equal to their par value or (ii) the excess (if any) of their par value over their issue price is less than a statutory *de minimis* amount (generally 1/4 of 1% of the Notes' par value multiplied by the number of complete years from date the Notes are issued or treated as reissued to the date the Notes are treated as maturing). If the Notes are issued or treated as reissued at a discount equal to or greater than the statutory *de minimis* amount, however, the Notes will have original issue discount equal to the excess of their par value over their issue price. For United States Federal income tax purposes, the U.S. Holder will be required to include this original issue discount in income as ordinary interest as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of the U.S. Holder's regular method of accounting. In general, the amount of original issue discount included in income by an initial U.S. Holder of Notes issued with original issue discount will be the sum of the daily portions of original issue discount with respect to such Notes for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such Notes. The "daily portion" of original issue discount on any Notes is determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that accrual period. An "accrual period" may be of any length and the accrual periods may vary in length over the term of the Notes, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of (x) the Notes' adjusted issue price at the beginning of such accrual period and (y) the yield of the Notes (appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of the Notes at the beginning of any accrual period is the sum of the issue price of the Notes plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Notes that were not qualified stated interest payments. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder who purchases a Note with original issue discount for an amount that is greater than the Note's adjusted issue price as of the purchase date and less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the Note at an "acquisition premium." Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such Note for any taxable year (or portion thereof in which the U.S. Holder holds the Note) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

Short-term Obligations. Notes that are treated as maturing at the end of a Subsequent Interest Rate Period of one year or less will constitute "short-term obligations," and interest on such Notes during such Subsequent Interest Rate Period will be treated as original issue discount. In general, an individual or other cash method U.S. Holder is not required to include original issue discount on short-term obligations in income in advance of receipt, unless the U.S. Holder elects to do so. If such an election is not made, any gain recognized by the U.S. Holder on the sale, exchange or maturity of the Note will be ordinary income to the extent of the original issue discount accrued on a straight-line basis or upon election under the constant yield method (based on daily compounding), through the date of sale or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the Note will be deferred until a corresponding amount of income is realized. U.S. holders who report income for United States Federal income tax purposes under the accrual method and certain other holders, including banks and dealers in securities, are required to accrue acquisition discount (generally the excess of (i) the Note's par value plus the interest on the Note which is treated as original issue discount over (ii) the

holder's basis in the Note) on a straight-line basis or, if an election is made, under a constant yield method (based on daily compounding).

Market Discount. In general, if a U.S. Holder purchases a Note, other than a Note treated as a short-term obligation, for an amount that is less than its par value or, in the case of a Note with original issue discount, for an amount that is less than its adjusted issue price as of the purchase date, the amount of the difference will be treated as "market discount," unless such difference is less than a specified *de minimis* amount (generally ¼ of 1% of the Notes' par value multiplied by the number of complete years from the date of purchase to the date the Notes are treated as maturing). Under the market discount rules, a U.S. Holder will be required to treat any principal payment (or, in the case of a Note with original issue discount, any payment that does not constitute qualified stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition of, a Note as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount which has not previously been included in income and is treated as having accrued on such Note at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the Note, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding. In addition, a U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Note with market discount until the maturity of the Note or its earlier disposition in a taxable transaction. A U.S. Holder may elect to include market discount in income currently as it accrues on either a ratable or semiannual compounding basis, in which case the rules described above will not apply. Generally, such currently included market discount is treated as ordinary interest for United States Federal income tax purposes

Premium. If a U.S. Holder purchases a Note for an amount that is greater than its par value, such U.S. Holder will be considered to have purchased the Note with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the Note and may offset interest otherwise required to be included in respect of the Note during any taxable year by the amortized amount of such excess for the taxable year.

Disposition of the Notes. Upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in the Note generally will equal such U.S. Holder's initial investment in the Note increased by any original issue discount included in income (and accrued market discount, if any, if the U.S. Holder has included such market discount in income) and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Note. Subject to the application of the market discount rules, such gain or loss will be capital if the Note is held as a capital asset.

The Taxpayer Relief Act of 1997 (the "1997 Act") reduced the maximum rates on long-term capital gains recognized on capital assets held by individual taxpayers for more than eighteen months as of the date of disposition (and would further reduce the maximum rates on such gains in the year 2001 and thereafter for certain individual taxpayers who meet specified conditions). Under the Internal Revenue Service Restructuring and Reform Act of 1998 (the "1998 Act") capital assets held for more than one year (rather than eighteen months) are eligible for the reduced capital gain rates provided by the 1997 Act. The 1997 Act and the 1998 Act did not change the capital gain rates for corporations. Prospective investors should consult their own tax advisors concerning these tax law changes.

Alternative Treatment of the Notes. There can be no assurance that the Internal Revenue Service ("IRS") will agree with the Company's treatment of the Notes. In particular, the IRS could seek to treat the Notes as maturing on the Stated Maturity. In the event the Notes are treated, for United States Federal income tax purposes, as maturing on the Stated Maturity, it is unclear whether the Notes will be

treated as "variable rate debt instruments" ("VRDIs") or as "contingent payment debt instruments." If the Notes qualify as VRDIs, the tax treatment of the Notes may generally be similar to that described above for the Notes that are treated as maturing on each Interest Rate Adjustment Date or SPURS Remarketing Date.

If the Notes do not qualify as VRDIs, the Notes may be classified as "contingent payment debt instruments." In such event, under Treasury regulations governing contingent payment debt instruments (the "Contingent Payment Regulations"), the Company would be required to construct a projected payment schedule for the Notes based upon the Company's current borrowing costs for comparable debt instruments of the Company, from which an estimated yield on the Notes would be calculated. A U.S. Holder would be required to include in income as ordinary interest an amount equal to the sum of the daily portions of interest on the Notes that would be deemed to accrue at this estimated yield under this projected payment schedule for each day during the U.S. Holder's taxable year on which the U.S. Holder holds the Notes. The amount of interest that would be deemed to accrue in any accrual period would equal the product of this estimated yield (properly adjusted for the length of the accrual period) and the Notes' adjusted issue price (as defined below) at the beginning of the accrual period. The daily portions of interest would be determined by allocating to each day in the accrual period the ratable portion of the interest that would be deemed to accrue during the accrual period. In general, for these purposes, the Notes' adjusted issue price would equal the Notes' issue price increased by the interest previously accrued on the Notes, and reduced by the amount of any noncontingent payment and the projected amount of any contingent payment previously made on the Notes. To the extent that contingent payments actually made during a year differ from the projected amounts of those contingent payments, adjustments will be made on the Note which may reduce or increase the amount of interest the U.S. Holder would otherwise include in income. Nevertheless, as a result of the application of the Contingent Payment Regulations, it is possible that a U.S. Holder would be required to include interest in income in excess of actual cash payments received for certain taxable years.

Under the Contingent Payment Regulations, upon the sale or exchange of a Note (including a sale pursuant to a mandatory tender on an Interest Rate Adjustment Date or SPURS Remarketing Date), a U.S. Holder would be required to recognize taxable income or loss in an amount equal to the difference, if any, between the amount realized by the U.S. Holder upon such sale or exchange and the U.S. Holder's adjusted tax basis in the Note as of the date of disposition. A U.S. Holder's adjusted tax basis in the Note generally would equal such U.S. Holder's initial investment in the Note increased by any interest previously accrued on the Note, and decreased by the amount of any noncontingent payment and the projected amount of any contingent payment previously made on the Notes. Any such taxable income generally would be treated as ordinary income. Any such taxable loss generally would be treated as ordinary loss to the extent that the U.S. Holder's total interest inclusions on the Note exceeded the total net negative adjustments on the Note. Any remaining loss generally would be treated as short-term or long-term capital loss (depending upon the U.S. Holder's holding period for the Notes). All amounts includable in income by a U.S. Holder as ordinary income pursuant to the Contingent Payment Treasury Regulations would be treated as original issue discount.

Non-U.S. Holders

A non-U.S. Holder will not be subject to United States Federal income taxes on payments of principal or interest (including original issue discount and accruals under the Treasury regulations applicable to contingent payment debt obligations, if any) on a Note, unless such non-U.S. Holder owns actually or constructively 10% or more of the total combined voting power of the Company, is a controlled foreign corporation related to the Company through actual or constructive stock ownership or is a bank receiving interest described in Section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the last United States payor in the chain of payment prior to payment to a non-U.S. Holder (the "Withholding Agent") must have received in the year in which a payment of interest or principal occurs, or in either of

the two preceding calendar years, a statement that (i) is signed by the Beneficial Owner of the Notes under penalties of perjury, (ii) certifies that such owner is not a U.S. Holder and (iii) provides the name and address of the Beneficial Owner. The statement may be made on an IRS Form W-8 or a substantially similar form, and the Beneficial Owner must inform the Withholding Agent of any change in the information on the statement within 30 days of such change. If a Note is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide a signed statement to the Withholding Agent that the IRS Form W-8 or the substitute form has been provided by the Beneficial Owner to the organization or institution. In such case, however, the signed statement must be accompanied by a copy of the Form W-8 or substitute form provided by the Beneficial Owner.

Generally, a non-U.S. Holder will not be subject to United States Federal income taxes on any amount which constitutes gain upon retirement or disposition of a Note, provided the gain is not effectively connected with the conduct of a trade or business in the United States by the non-U.S. Holder. Certain other exceptions may be applicable, and a non-U.S. Holder should consult its tax advisor in this regard.

The Notes will not be includable in the estate of a non-U.S. Holder unless the individual owns, actually or constructively, 10% or more of the total combined voting power of the Company or, at the time of such individual's death, payments in respect of the Notes would have been effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding

Backup withholding of United States Federal income tax at a rate of 31% may apply to payments made in respect of the Notes to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals and partnerships are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Notes to a U.S. Holder must be reported to the IRS, unless the U.S. Holder is an exempt recipient. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Note to (or through) a broker, the broker must withhold 31% of the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller provides, in the required manner, certain identifying information and, in the case of a non-U.S. Holder, certifies that such seller is a non-U.S. Holder (and certain other conditions are met). Such a sale must also be reported by the broker to the IRS, unless either (i) the broker determines that the seller is an exempt recipient or (ii) the seller certifies its non-U.S. Holder status (and certain other conditions are met). Certification of the registered owner's non-U.S. Holder status would be made normally on an IRS Form W-8 under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Any amounts withheld under the backup withholding rules from a payment to a Beneficial Owner generally would be allowed as a refund or a credit against such Beneficial Owner's United States Federal income tax provided the required information is furnished to the IRS.

New Withholding Regulations

On October 6, 1997, the Treasury Department issued new regulations (the "New Regulations") which make certain modifications to the withholding, backup withholding and information reporting rules described above. The New Regulations attempt to unify certification requirements and clarify reliance standards. The New Regulations will generally be effective for payments made after December 31, 1999, subject to certain transition rules. Prospective investors are urged to consult their own tax advisors regarding the New Regulations.

CERTAIN ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1984, as amended ("ERISA"), the Code impose certain restrictions on (a) employee benefit plans (as defined in Section 3(3) of ERISA), (b) plans described in section 4975(e)(1) of the Code, including individual retirement accounts or Keogh plans, (c) any entities whose underlying assets include plan assets by reason of a plan's investment in such entities (each a "Plan") and (e) persons who have certain specified relationships to such Plans ("Parties-in-Interest" under ERISA and "Disqualified Persons" under the Code). Moreover, based on the reasoning of the United States Supreme Court in John Hancock Life Ins. v. Harris Trust and Sav. Bank, 114 S. Ct. 517 (1993), an insurance company's general account may be deemed to include assets of the Plans investing in the general account (e.g., through the purchase of an annuity contract). ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA and prohibits certain transactions between a Plan and Parties-in-Interest or Disqualified Persons with respect to such Plans.

The Company, the SPURS Agent and any Remarketing Agent, because of their activities or the activities of their respective affiliates, may be considered to be Parties-in-Interest or Disqualified Persons with respect to certain Plans. If the Notes are acquired by a Plan with respect to which the Company, the SPURS Agent or any Remarketing Agent is, or subsequently becomes, a Party-in-Interest or Disqualified Person, the purchase, holding or sale of Notes to the SPURS Agent could be deemed to be a direct or indirect violation of the Prohibited Transaction rules of ERISA and the Code unless such transaction were subject to one or more statutory or administrative exemptions such as Prohibited Transaction Class Exemption ("PTCE") 75-1, which exempts certain transactions involving employee benefit plans and certain broker-dealers, reporting dealers and banks; PTCE 90-1, which exempts certain transactions between insurance company pooled separate accounts and Parties-in-Interest or Disqualified Persons; PTCE 91-38, which exempts certain transactions between bank collective investment funds and Parties-in-Interest or Disqualified Persons; PTCE 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager"; PTCE 95-60, which exempts certain transactions between insurance company general accounts and Parties-in-Interest or Disqualified Persons; or PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house assets manager." Even if the conditions specified in one or more of these exemptions are met, the scope of relief provided by these exemptions will not necessarily cover all acts that might be construed as prohibited transactions. Each Purchaser of the Notes will be deemed to have represented that it is not acquiring the Notes for or on behalf, or with the assets, of, and will not sell or otherwise transfer the Notes to, any such Plan, except to the extent such purchase, sale or transfer satisfies the conditions for exemption relief under one or more of the PTCEs described in the prior paragraph or is to a governmental plan (as defined in Section 3 of ERISA) that is not subject to Title I of ERISA or Section 4975 of the Code or to any similar law, rule or regulation.

Accordingly, prior to making an investment in the Notes, a Plan should determine whether the Company, the SPURS Agent or any Remarketing Agent is a Party-in-Interest or Disqualified Person with respect to such Plan and, if so, whether such transaction is subject to one or more statutory or administrative exemptions, including those described above.

Prior to making an investment in the Notes, Plans should consult with their legal advisors concerning the impact of ERISA and the Code and the potential consequences of such investment with respect to their specific circumstances. Moreover, each Plan fiduciary has the authority to make the investment on behalf of the Plan; whether the investment constitutes a direct or indirect transaction with a Party-in-Interest or a Disqualified Person; and whether under the general fiduciary standards of investment prudence and diversification an investment in the Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

UNDERWRITING

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") among the Company on the one hand, and Citicorp Securities, Inc. and Morgan Stanley, & Co. Incorporated (the "Underwriters"), on the other hand, the Company has agreed to sell to the Underwriters, and each of the Underwriters has agreed to purchase from the Company, the principal amount of the Notes set forth opposite such Underwriter's name in the table below at a price equal to 99.65% of the principal amount hereof, plus accrued interest, if any, from July 31, 1998. The aggregate proceeds to the Company from the sale of the Notes to the Underwriters will be $51,065,000 plus accrued interest, if any, from July 31, 1998.

Underwriter	Principal Amount of Notes
Citicorp Securities, Inc.	$25,000,000
Morgan Stanley & Co. Incorporated	25,000,000
	$50,000,000

In the Purchase Agreement, the Underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all the Notes offered hereby if any Notes are purchased. The Underwriters have advised the Company that the Underwriters propose to offer the Notes from time to time for sale in negotiated transactions or otherwise, at prices relating to the prevailing market prices determined by the Underwriters at the time of each sale. The Underwriters may effect such transactions by selling Notes to or through dealers, and such dealers may receive compensation in the form of underwriting discounts, concessions or commissions from the Underwriters and any purchasers of Notes for whom they may act as agent. The Underwriters and any dealers that participate with the Underwriters in the distribution of the Notes may be deemed to be underwriters, and any discounts or commissions received by them and any profit on the resale of the Notes by them may be deemed to be underwriting compensation.

The Notes are a new issue of securities with no established trading market. The Company has been advised by the Underwriters that the Underwriters intend to make a market in the Notes, but they are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

The Underwriters are permitted to engaged in certain transactions that maintain or otherwise affect the price of the Notes. Such transactions may include overallotment transactions and purchases to cover short positions created by the Underwriters in connection with the offering. If the Underwriters create a short position in the Notes in connection with the offering, i.e., if they sell Notes in an aggregate principal amount exceeding that set forth on the cover page of this Prospectus Supplement, the Underwriters may reduce that short position by purchasing Notes in the open market. In general, purchases of a security to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither the Company nor either Underwriter makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Company nor either Underwriter makes any representation that the Underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

In the ordinary course of business, each Underwriter and its affiliates have engaged and may in the future engage in investment banking transactions with the Company and certain of its affiliates. Citibank, N.A., an affiliate of Citicorp Securities, Inc., has been appointed as the Initial SPURS Agent for the Notes. See "DESCRIPTION OF THE NOTES—Mandatory Tender to the Initial SPURS Agent—Initial SPURS Agent."

The Company has agreed to indemnify the Underwriters and certain other persons against certain liabilities, including liabilities under the Securities Act, or to make contribution to certain payments in respect thereof.

VALIDITY OF THE NOTES AND CERTAIN OTHER LEGAL MATTERS

The validity of the Notes to which this Prospectus Supplement relates will be passed upon for the Company by Palmer & Dodge LLP, Boston, Massachusetts and for the Underwriters by Ropes & Gray, Boston, Massachusetts. Palmer & Dodge LLP, Boston, Massachusetts will also advise the Company on certain federal income tax matters.

PROSPECTUS

$200,000,000

Tampa Electric Company

Debt Securities

Tampa Electric Company ("Tampa Electric" or the "Company") may offer, from time to time, its unsecured notes, debentures, or other evidence of unsecured indebtedness (the "Debt Securities"), in one or more series, in an aggregate principal amount of up to $200,000,000. Debt Securities may be issued in registered form without coupons or in the form of one or more global securities (each a "Global Security").

When a particular series of Debt Securities is offered, a supplement to this Prospectus will be delivered (each a "Prospectus Supplement") together with this Prospectus setting forth the terms of such Debt Securities, including, where applicable, the specific designation, aggregate principal amount, denominations, maturity, interest rate (which may be fixed or variable) and time of payment of interest, any terms for redemption, any terms for repayment at the option of the holder, any terms for sinking fund payments, the initial public offering price, any listing of the Debt Securities on a securities exchange and other terms in connection with the offering and sale of such Debt Securities.

Tampa Electric may sell Debt Securities to or through dealers or underwriters, directly to other purchasers or through agents. See "PLAN OF DISTRIBUTION." A Prospectus Supplement will set forth the names of such underwriters, dealers or agents, if any, any applicable commissions or discounts and the proceeds to Tampa Electric from such sales.

This Prospectus may not be used to consummate sales of Debt Securities unless accompanied by a Prospectus Supplement applicable to the Debt Securities being sold.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is July 17, 1998.

AVAILABLE INFORMATION

The Company files periodic reports and other information with the Securities and Exchange Commission (the "Commission") relating to its business, financial statements and other matters. Reports filed with the Commission as well as copies of the Registration Statement, of which this Prospectus is a part, can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549, and at the following Regional Offices of the Commission: Midwest Regional Office, 500 West Madison Avenue, Suite 1400, Chicago, Illinois 60661; and Northeast Regional Office, 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the Commission at its principal office at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. Such reports and other information can also be reviewed on the Commission's web site (http://www.sec.gov).

The Company has filed a Registration Statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") with the Commission under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Debt Securities. This Prospectus does not contain all of the information set forth in such Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Reference is made to such Registration Statement and to the exhibits relating thereto for further information with respect to the Company and the Debt Securities. Statements contained herein concerning the provisions of any document filed as an exhibit to the Registration Statement or otherwise filed with the Commission are not necessarily complete, and in each instance reference is made to the copy of such document so filed. Each such statement is qualified in its entirety by such reference.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents previously filed by the Company with the Commission (File No. 001-05007) are hereby incorporated by reference: (i) the Company's Annual Report on Form 10-K for the year ended December 31, 1997 and (ii) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.

Each document filed by the Company subsequent to the date of this Prospectus pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the termination of the offering of the Debt Securities shall be deemed to be incorporated herein by reference and to be a part hereof from the date of filing of such document. Any statement contained herein or in a document all or a portion of which is incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, in any other subsequently filed document which also is or is deemed to be incorporated herein by reference or in any prospectus supplement modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom this Prospectus is delivered, upon the written or oral request by such person, a copy of any document described above, other than exhibits (unless such exhibits are specifically incorporated by reference to such documents). Requests for such copies should be directed to Tampa Electric Company, TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602, attention: Sandra W. Callahan, Treasurer; telephone number: (813) 228-4111.

THE COMPANY

Tampa Electric, a public utility company, is a wholly-owned subsidiary of TECO Energy, Inc. ("TECO"), a diversified energy-related holding company. Tampa Electric generates, purchases, transmits, distributes and sells electric energy for customers within west central Florida and, through its Peoples Gas System division, purchases, distributes and markets natural gas for customers throughout Florida. A more complete description of the business of the Company and its recent activities can be found in the documents listed in "DOCUMENTS INCORPORATED BY REFERENCE." The principal offices of the Company, a Florida corporation, are located at TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602, and its telephone number at such offices is (813) 228-4111.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the Company's consolidated ratio of earnings to fixed charges for the periods shown.

Three Months Ended March 31, 1998	Twelve Months Ended March 31, 1998	Year Ended December 31,				
		1997	1996(2)	1995(2)	1994(2)	1993(2)
3.44x(1)	4.20x(1)	4.38x	4.40x	4.28x	3.88x(3)	3.81x(4)

For the purposes of calculating this ratio, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

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(1) Includes the effect of a $9.6-million pretax charge associated with Tampa Electric's ongoing efforts to mitigate the effects of a 1997 Florida Public Service Commission ruling on certain wholesale electric power supply contracts. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.99x and 4.34x for the three- and 12-month periods ended March 31, 1998, respectively.

(2) Amounts have been restated to reflect the merger of Peoples Gas System, Inc. in 1997, with and into the Company.

(3) Includes the effect of a $21.3-million pretax restructuring charge. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this non-recurring charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.23x for the year ended December 31, 1994.

(4) Includes the effect of the non-recurring $10-million pretax charge associated with a coal pricing settlement. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this non-recurring charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.97x for the year ended December 31, 1993.

USE OF PROCEEDS

Tampa Electric intends to add the net proceeds from the sale of the Debt Securities to its general funds, to be used for general corporate purposes, which may include capital expenditures, investment in subsidiaries, working capital, repayment of debt and other business opportunities.

DESCRIPTION OF THE DEBT SECURITIES

The Debt Securities will constitute unsecured debt of the Company and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company. The Debt Securities will be issued in one or more series under an indenture (the "Indenture") to be dated as of July 1, 1998 between the Company and The Bank of New York, as Trustee (the "Trustee"). The form of the Indenture is filed as an exhibit to the Registration Statement of which this Prospectus is a part. The statements under this heading do not purport to be complete and are subject to the detailed provisions of, and are qualified in their entirety by reference to, the Indenture. Capitalized terms used herein but not defined are used as defined in the Indenture.

General

The Indenture does not limit the aggregate principal amount of the Debt Securities issuable thereunder or of any particular series of Debt Securities. The Debt Securities of any series need not be issued at the same time or bear interest at the same rate or mature on the same date.

Reference is made to the Prospectus Supplement (the "Prospectus Supplement") for the following terms of any particular series of Debt Securities: (i) the title of such Debt Securities; (ii) any limit on the aggregate principal amount of such Debt Securities or the series of which they are a part; (iii) the date or dates on which the principal of any of such Debt Securities will be payable or the method by which such date or dates will be determined; (iv) the rate or rates at which any of such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, and the date or dates from which any such interest will accrue; (v) the dates on which any such interest will be payable and the record dates, if any, for any such interest payments; (vi) if applicable, whether the interest payment periods may be extended by the Company and, if so, the permitted duration of any such extensions; (vii) the place or places where the principal of and interest on any of such Debt Securities will be payable; (viii) the obligation, if any, of the Company to redeem or purchase any of such Debt Securities pursuant to any sinking fund, purchase fund or analogous provision or at the option of the Holder thereof and the terms and conditions on which any of such Debt Securities may be redeemed or purchased pursuant to such obligation; (ix) the denominations in which any of such Debt Securities will be issuable, if other than denominations of $1,000 or any integral multiple thereof; (x) the terms and conditions, if any, on which any of such Debt Securities may be redeemed at the option of the Company; (xi) the currency, currencies or currency units in which the principal of and any premium and interest on any of such Debt Securities will be payable, if other than U.S. dollars, and the manner of determining the equivalent thereof in U.S. dollars for any purpose; (xii) whether any of such Debt Securities will be issuable in whole or in part in the form of one or more Global Securities and, if so, the identity of the depositary (the "Depositary") for any such Global Security and any provisions regarding the transfer, exchange or legending of any such Global Security if different from those described below under the caption "Global Securities;" (xiii) any addition to, change in or deletion from the Events of Default or covenants described herein with respect to any of such Debt Securities and any change in the right of the Trustee or the Holders to declare the principal amount of any of such Debt Securities due and payable; (xiv) any index or formula used to determine the amount of principal of or any premium or interest on any of such Debt Securities and the manner of determining any such amounts; (xv) any subordination of such Debt Securities to any other indebtedness of the Company; and (xvi) other material terms of such Debt Securities.

Unless otherwise indicated in the Prospectus Supplement relating thereto, Debt Securities will be issued only in fully registered form, without coupons, in denominations of $1,000 or any integral multiple thereof, and no service charge will be made for any registration of transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Unless otherwise indicated in the Prospectus Supplement relating thereto, the principal of and any premium and interest on any Debt Securities will be payable, and such Debt Securities will be exchangeable and transfers thereof will be registrable, at the corporate trust office of The Bank of New York in the City of New York, New York, and payment of any interest due on any Debt Security will be made to the person in whose name such Debt Security is registered at the close of business on the regular record date for such interest.

If the Debt Securities of any series (or any Debt Securities of a specified tenor within any series) are to be redeemed, the Company will not be required to (i) issue, register the transfer of, or exchange any Debt Security of that series (or any Debt Securities of a specified tenor within any series, as the case may be) during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any such Debt Security that may be selected for redemption and ending at the close of business on the day of such mailing or (ii) register the transfer of or exchange any Debt Security so selected for redemption, in whole or in part, except the unredeemed portion of any such Debt Security being redeemed in part.

Debt Securities may be offered and sold at a substantial discount below their principal amount ("Original Issue Discount Securities"). Special United States Federal income tax and other considerations, if any, applicable thereto will be described in the applicable Prospectus Supplement. In addition, certain special Federal income tax or other considerations, if any, applicable to any Debt Securities that are denominated in a currency or currency unit other than U.S. dollars may be described in the applicable Prospectus Supplement.

Except as otherwise described in the applicable Prospectus Supplement, the covenants contained in the Indenture would not afford any Holders of Debt Securities issued thereunder protection in the event of a highly leveraged transaction involving the Company.

Global Securities

Some or all of the Debt Securities of a series may be represented in whole or in part by one or more Global Securities, which will be deposited with or on behalf of one or more Depositaries.

The specific terms of the depositary arrangement with respect to any Debt Securities of a series will be described in the Prospectus Supplement relating thereto. The Company anticipates that the following provisions will apply to all depositary arrangements.

Unless otherwise specified in the Prospectus Supplement relating thereto, Debt Securities that are to be represented by a Global Security or Global Securities to be deposited with or on behalf of a Depositary will be represented by a Global Security or Global Securities registered in the name of such Depositary or its nominee. Upon the issuance of a Global Security in registered form, the Depositary for such Global Security will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by such Global Security to the accounts of institutions that have accounts with such Depositary or its nominee ("Participants"). The accounts to be credited will be designated by the underwriters or agents of such Debt Securities or by the Company, if such Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in such Global Securities will be limited to Participants or persons that may hold interests through Participants. Ownership of beneficial interests by Participants in such Global Securities will be shown on, and the transfer of any such ownership interest will be effected only through, records maintained by the Depositary or its nominee for such Global Security. Ownership of beneficial interests in Global Securities by persons that hold through Participants will be effected only through records maintained by such Participants. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Global Security.

So long as the Depositary for a Global Security, or its nominee, is the registered owner of such Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or Holder of the Debt Securities represented by such Global Security for all purposes under the Indenture. Except as set forth below, owners of beneficial interests in the Global Security will not be entitled to have the Debt Securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of the Debt Securities in definitive form and will not be considered the owners or Holders thereof under the Indenture.

Payment of principal of and any premium and interest on Debt Securities registered in the name of or held by a Depositary or its nominee will be made in immediately available funds to the Depositary or its nominee, as the case may be, as the registered owner or the Holder of the Global Security representing such Debt Securities. None of the Company, the Trustee, any Paying Agent or the Security Registrar for such Debt Securities will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a Global Security for such Debt Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that a Depositary for Debt Securities of a series, upon receipt of any payment of principal or any premium or interest in respect of a Global Security, will immediately credit Participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such Global Security as shown on the records of such Depositary. The Company also expects that payments by Participants to owners of beneficial interests in such Global Security held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name," and will be the responsibility of such Participants.

A Global Security may not be transferred in whole or in part except by the Depositary for such Global Security to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. If a Depositary for Debt Securities of a series is at any time unwilling or unable to continue as Depositary and a successor Depositary is not appointed by the Company, the Company will issue Debt Securities in definitive registered form in exchange for the Global Security or Global Securities representing such Debt Securities. In addition, the Company may at any time determine not to have any Debt Securities represented by one or more Global Securities and, in such event, will issue Debt Securities in definitive registered form in exchange for the Global Securities representing such Debt Securities. In any such instance, an owner of a beneficial interest in a Global Security will be entitled to physical delivery in definitive form of Debt Securities of the series represented by such Global Security equal in principal amount to such beneficial interest and to have such Debt Securities registered in its name.

Book-Entry Issuance

The Depository Trust Company ("DTC") will act as securities Depositary for all of the Debt Securities, unless otherwise indicated in the Prospectus Supplement relating to an offering of Debt Securities. Such Debt Securities will be issued only as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered global certificates will be issued for the Debt Securities, representing the aggregate principal balance of such Debt Securities, and will be deposited with the Trustee as custodian for DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of

securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain custodial relationships with Direct Participants, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Debt Securities within the DTC system must be made by or through Direct Participants, which will receive a credit for the Debt Securities on DTC's records. The ownership interest of each actual purchaser of each Debt Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners purchased Debt Securities. Transfers of ownership interests in the Debt Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Debt Securities, except in the event that use of the book-entry system for the Debt Securities is discontinued.

To facilitate subsequent transfers, all Debt Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Debt Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Debt Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Debt Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners and the voting rights of Direct Participants, Indirect Participants and Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. as the registered holder of the Debt Securities. If less than all of the Debt Securities are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Although voting with respect to the Debt Securities is limited to the holders of record of the Debt Securities, in those instances in which a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to Debt Securities. Under its usual procedures, DTC would mail an omnibus proxy (the "Omnibus Proxy") to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such Debt Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and any premium and interest on the Debt Securities will be made by the Trustee to Cede & Co., as DTC's partnership nominee. DTC's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices and will be the responsibility of such Participant and not of DTC or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions to DTC is the

responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities Depositary with respect to any of the Debt Securities at any time by giving reasonable notice to the Company. In the event that a successor securities Depositary is not obtained, definitive certificates representing such Debt Securities are required to be printed or delivered. The Company, at its option, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Depositary).

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be accurate, but the Company assumes no responsibility for the accuracy thereof. The Company has no responsibility for the performance by DTC or its Participants of their respective obligations as described herein or under the rules and procedures governing their respective operations.

Redemption

Any terms and conditions for the optional or mandatory redemption of any Debt Securities will be set forth in the applicable Prospectus Supplement. Except as otherwise provided in the applicable Prospectus Supplement, Debt Securities will be redeemable by the Company only upon notice mailed not less than 30 nor more than 60 days prior to the date fixed for redemption.

Consolidation, Merger, Etc.

The Company will not consolidate or merge with or into any other Corporation or Corporations, or convey or transfer its properties and assets as an entirety or substantially as an entirety to any Person, unless (i) the successor or transferee Corporation shall be a Corporation organized and existing under the laws of the United States of America, any State thereof, or the District of Columbia, and the successor or transferee assumes by supplemental indenture the due and punctual payment of the principal of and premium and interest on all the Debt Securities and the performance of every covenant of the Indenture to be performed or observed by the Company; (ii) immediately after giving effect to such consolidation, merger, sale or transfer, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing; and (iii) the Company delivers an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent in the Indenture relating to the transaction have been complied with. Upon the assumption by the successor Person of the Company's obligations under the Indenture and the Debt Securities issued thereunder, and the satisfaction of any other condition precedent provided for in such Indenture, the successor Person will succeed to and be substituted for the Company under such Indenture.

Modification and Waiver

The Indenture provides that modifications and amendments thereof may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of each series affected thereby and 66⅔% in aggregate principal amount of the Outstanding Debt Securities of all series affected thereby; provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Debt Security; (b) reduce the principal amount of, or any premium or interest on, any Debt Security; (c) reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the Maturity thereof; (d) change the Place of Payment of, currency of payment of principal of, or premium, if any, or interest on, any Debt Security; (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security after the Stated Maturity (or, in the

case of redemption, on or after the Redemption Date); or (f) reduce the percentage in principal amount of Outstanding Debt Securities of any series, the consent of the Holders of which is required for modification or amendment of the Indenture, for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults. Notwithstanding the foregoing, under certain limited circumstances and only upon the fulfillment of certain conditions, modifications and amendments of the Indenture may be made by the Company and the Trustee without the consent of any Holders of the Debt Securities issued thereunder.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of any series may waive any past default under the Indenture with respect to that series except a default in the payment of principal of, or any premium or interest on, any Debt Security of such series or in respect of a covenant or provision under the Indenture which cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected thereby.

Events of Default

The following will be Events of Default under the Indenture with respect to Debt Securities of any series issued thereunder (unless inapplicable to the particular series, specifically modified or deleted as a term of such series or otherwise modified or deleted in an indenture supplemental to the Indenture): (a) failure to pay any interest on any Debt Security of that series when due, and such failure has continued for 30 days; (b) failure to pay principal of or premium, if any, on any Debt Security of that series when due; (c) failure to deposit any sinking fund payment in respect of any Debt Security of that series when due, where such failure has continued for 30 days; (d) failure to perform any other covenant of the Company in the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of Debt Securities other than that series), and such failure has continued for 90 days after written notice as provided in the Indenture; (e) certain events of bankruptcy, insolvency or reorganization relating to the Company; and (f) any other Event of Default provided with respect to Debt Securities of that series.

If an Event of Default with respect to Debt Securities of any series at the time Outstanding occurs and is continuing, then the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Debt Securities of that series may, by a notice in writing to the Company (and to the Trustee if given by Holders), declare to be immediately due and payable the principal amount (or, if any Debt Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of the series) of all Debt Securities of that series. At any time after such a declaration of acceleration with respect to Debt Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences, if (i) the Company has paid or deposited with the Trustee a sum sufficient to pay all overdue interest on the Debt Securities of such series, the principal of and any premium on the Debt Securities of such series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Debt Securities, interest on overdue interest at the rate or rates prescribed therefor in the Debt Securities of such series (to the extent that payment of such interest is lawful), and all amounts due to the Trustee under the Indenture, and (ii) all Events of Default with respect to the Debt Securities of such series (other than the nonpayment of the principal of the Debt Securities of such series which has become due solely by such declaration of acceleration) have been cured or waived as provided in the Indenture. Reference is made to the Prospectus Supplement relating to any series of Debt Securities which are Original Issue Discount Securities for the particular provisions relating to acceleration of a portion of the principal amount of such Original Issue Discount Securities upon the occurrence of an Event of Default and the continuation thereof.

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default occurs and is continuing, the Indenture provides that the Trustee will be under no obligation to

exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity. Subject to such provisions for security and indemnification of the Trustee and certain other rights of the Trustee, the Holders of a majority in principal amount of the Outstanding Debt Securities of any series have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series.

No Holder of any Debt Security of any series will have any right to institute any proceeding with respect to the Indenture under which such Debt Security was issued or for any remedy thereunder unless such Holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Debt Securities of that series and unless the Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series have made such written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee under the Indenture, and the Trustee has not received from the Holders of a majority in principal amount of the Outstanding Debt Securities of that series a direction inconsistent with such request and has failed to institute such proceeding within 60 days after receipt of such notice and offer of indemnity. Notwithstanding the foregoing, the Holder of any Debt Security will have an absolute and unconditional right to receive payment of the principal of and any premium and, subject to certain limitations specified in the Indenture, interest on such Debt Security on the Stated Maturity thereof (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment.

The Company is required to furnish annually to the Trustee a statement signed on behalf of the Company by certain officers of the Company to the effect that to the best of their knowledge the Company is not in default in the performance and observance of any terms, provisions or conditions of the Indenture or, if there has been such a default, specifying each such default and the status thereof.

Satisfaction and Discharge

The Indenture provides that when, among other things, the Company deposits or causes to be deposited with the Trustee, in trust, an amount in money or the equivalent in U.S. Government Obligations (as defined) (or a combination thereof) sufficient to pay and discharge the entire indebtedness on the Debt Securities not previously delivered to the Trustee for cancellation, for the principal (and premium, if any) and interest to the date of the deposit or to the Stated Maturity or earlier Redemption Date for Debt Securities that have been, or by an irrevocable instruction delivered by the Company to the Trustee will be, called for redemption, as the case may be, then the Indenture will cease to be of further effect (except as to the Company's obligations to compensate, reimburse and indemnify the Trustee pursuant to the Indenture and certain other obligations), and the Company will be deemed to have satisfied and discharged the Indenture.

Defeasance

Unless otherwise provided in the Prospectus Supplement for a series of Debt Securities, the Company may cause itself (subject to the terms of the Indenture) to be discharged from any and all obligations with respect to any Debt Securities or series of Debt Securities (except for certain obligations to register the transfer or exchange of such Debt Securities, to replace such Debt Securities if stolen, lost or mutilated, to maintain paying agencies and to hold money for payment in trust) on and after the date the conditions set forth in the Indenture are satisfied. Such conditions include the deposit with the Trustee, in trust for such purpose, of money and/or U.S. Government Obligations (as such term is defined in the Indenture), which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and any premium and interest on such Debt Securities on the Stated Maturity of such payments or upon redemption, as the case may be, in accordance with the terms of the Indenture and such Debt Securities.

Under current Federal income tax law, the Defeasance contemplated in the preceding paragraphs would be treated as a taxable exchange of the relevant Debt Securities in which Holders of Debt Securities would recognize gain or loss. In addition, thereafter, the amount, timing and character of amounts that Holders would be required to include in income might be different from that which would be includable in the absence of such Defeasance. Prospective investors are urged to consult their own tax advisors as to the specific consequences of a Defeasance, including the applicability and effect of tax laws other than the Federal income tax law.

Concerning The Trustee

The Trustee is The Bank of New York, which maintains banking relationships with the Company in the ordinary course of business and serves as trustee under other indentures of the Company and certain of its affiliates.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York.

PLAN OF DISTRIBUTION

The Company may sell the Debt Securities (i) directly to purchasers, (ii) to or through underwriters or dealers, (iii) through agents, or (iv) through a combination of such methods. A Prospectus Supplement with respect to a particular series of Debt Securities will set forth the terms of the offering of such Debt Securities, including the following: name or names of any underwriters, dealers or agents; the purchase price of such Debt Securities and the proceeds to the Company from such sale; underwriting discounts and commissions; and any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

If underwriters are used in the sale, the Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. In connection with the sale of Debt Securities, underwriters may receive compensation from the Company in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the Debt Securities for whom they may act as agent. Underwriters may sell the Debt Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Unless otherwise set forth in the Prospectus Supplement relating thereto, the obligations of any underwriters to purchase the Debt Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all such Debt Securities if any are purchased.

If dealers are utilized in the sale of the Debt Securities, the Company will sell such Debt Securities to the dealers as principals. The dealer may then resell such Debt Securities to the public at varying prices to be determined by such dealer at the time of resale. Any such dealer, who may be deemed to be an underwriter as that term is defined in the Securities Act, involved in the offer or sale of Debt Securities will be named, and any commissions or discounts granted by the Company to such dealer set forth, in the applicable Prospectus Supplement.

If agents are used in the sales of the Debt Securities, offers to purchase the Debt Securities may be solicited by such agents from time to time. Any such agent, who may be deemed to be an underwriter as that term is defined in the Securities Act, involved in the offer or sale of the Debt Securities will be named, and any commissions payable by the Company to such agent set forth, in the applicable Prospectus Supplement. Any such agent will be acting on a reasonable effort basis for the period of its appointment or, if indicated in the applicable Prospectus Supplement, on a firm commitment basis.

Debt Securities also may be sold directly by the Company to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale thereof. The terms of any such sales will be described in the Prospectus Supplement relating thereto.

If so indicated in the Prospectus Supplement, the Company will authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject only to those conditions set forth in the Prospectus Supplement, and the Prospectus Supplement will set forth the commission payable for solicitation of such contracts.

Agents, dealers and underwriters may be entitled under agreements with the Company to indemnification against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which such agents, dealers or underwriters may be required to make in respect thereof. Agents, dealers and underwriters may engage in transactions with, or perform services for, the Company or TECO for customary compensation.

Debt Securities may also be offered and sold, if so indicated in the applicable Prospectus Supplement, in connection with a remarketing upon their purchase, in accordance with their terms, by one or more firms ("remarketing firms"), acting as principals for their own accounts or as agents for the Company. Any remarketing firm will be identified and the terms of its agreement, if any, with the Company will be described in the applicable Prospectus Supplement. Remarketing firms may be entitled to indemnification by the Company against certain liabilities, including liabilities under the Securities Act, and may engage in transactions with or perform services for the Company or TECO for customary compensation.

Any Debt Securities will be a new issue of securities with no established trading market. No assurance can be given that there will be a market for the Debt Securities of any particular series, or that if such market does develop, that it will continue to provide holders of such Debt Securities with liquidity for such investment or will continue for the duration such Debt Securities are outstanding.

The anticipated date of delivery of the Debt Securities will be set forth in the Prospectus Supplement relating to each offering.

LEGAL MATTERS

The validity of the Debt Securities will be passed upon for the Company by Palmer & Dodge LLP, Boston, Massachusetts. Certain legal matters in connection with the validity of the Debt Securities may be passed upon for any underwriters, agents or dealers by Ropes & Gray, Boston, Massachusetts.

EXPERTS

The consolidated financial statements as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997 included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated by reference in this Prospectus have been incorporated herein in reliance on the report of Coopers & Lybrand L.L.P., independent accountants, given on the authority of that firm as experts in accounting and auditing.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Prospectus Supplement and the accompanying Prospectus or incorporated by reference therein, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Underwriters. This Prospectus Supplement and the accompanying Prospectus do not constitute an offer to sell or the solicitation of an offer to buy the Notes by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus Supplement or the accompanying Prospectus, nor any sale made hereunder and thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained or incorporated by reference herein or therein is correct as of any time subsequent to the date of such information.

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$50,000,000

TAMPA ELECTRIC COMPANY

Remarketed Notes Due 2038

PROSPECTUS SUPPLEMENT

Citicorp Securities, Inc.

Morgan Stanley Dean Witter

July 28, 1998

Exhibit B

TAMPA ELECTRIC COMPANY

Issuer

To

THE BANK OF NEW YORK

Trustee

INDENTURE

Dated as of July 1, 1998

TAMPA ELECTRIC COMPANY

Reconciliation and tie between Trust Indenture Act of 1939 and Indenture, dated as of July 1, 1998

Trust Indenture Act Section	Indenture Section
§ 310(a)(1)	609
(a)(2)	609
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(b)	608, 610
§ 311(a)	613(a)
(b)	613(b)
(b)(2)	703(a)(2), 703(b)
§ 312(a)	701, 702(a)
(b)	702(b)
(c)	702(c)
§ 313(a)	703(a)
(b)	703(b)
(c)	703(a), 703(b)
(d)	703(c)
§ 314(a)	704
(b)	Not Applicable
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(c)(2)	102
(c)(3)	Not Applicable
(d)	Not Applicable
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(c)	601(b)
(d)	601(c)
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(e)	514
§ 316(a)	101
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(a)(1)(B)	513
(a)(2)	Not Applicable
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§ 317(a)(1)	503
(a)(2)	504
(b)	1003
§ 318(a)	107

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Inserted for convenience only and not as a part of the Indenture

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INDENTURE, dated as of July 1, 1998, between **TAMPA ELECTRIC COMPANY**, a corporation duly organized and existing under the laws of the State of Florida (herein called the "Company"), having its principal executive offices at Teco Plaza, 702 N. Franklin Street, Tampa, Florida 33602 and **THE BANK OF NEW YORK**, as Trustee (herein called the "Trustee"), having its principal corporate trust office at 101 Barclay, 21st Floor, New York, NY 10286

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the "Securities"), to be issued in one or more series as provided in this Indenture.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE
Definitions and Other Provisions of General Application

Section 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation; and

(4) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Six, are defined in that Article.

"Act," when used with respect to any Holder, has the meaning specified in Section 104.

"Affiliate" of any specified Person means any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified Person.

"Authenticating Agent" means any Person authorized by the Trustee to act on behalf of the Trustee to authenticate Securities.

"Board of Directors," when used with reference to the Company, means the board of directors, or any duly authorized committee of the board of directors, of the Company.

"Board Resolution," when used with reference to the Company, means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in the State in which the principal place of business of the Company or the principal corporate trust office of the Trustee or the office of the Trustee at which the Indenture is administered are located are authorized or obligated by law or executive order to close.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Corporation.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its President, its Treasurer or an Assistant Treasurer and delivered to the Trustee.

The term "Control" means the power to direct the management and policies of a Person, directly or through one or more intermediaries, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" shall have meanings correlative to the foregoing.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office, as at the date of this Indenture, is located at 101 Barclay, 21st Floor, New York, NY 10286; Attn: Corporate Trust; except that notices to the Trustee under the Indenture shall be delivered to Towermarc, 2nd Floor, 10161 Centurion Parkway, Jacksonville, Florida 32256; Attn: Corporate Trust.

The term "Counsel" shall mean legal counsel who may be either an employee or officer of or counsel to the Company.

The term "Corporation" includes corporations, partnerships, joint ventures, associations, companies, limited liability companies, joint-stock companies and business trusts.

The term "Defeasance" has the meaning assigned to such term by Section 1302.

"Defaulted Interest" has the meaning specified in Section 307.

"Depositary" means, with respect to the Securities of any series issuable or issued in whole or in part in the form of one or more Global Securities, the Person designated as Depositary by the Company pursuant to Section 301.

"Event of Default" has the meaning specified in Section 501.

"Global Security" means a Security in the form prescribed in Section 204 evidencing all or part of a series of Securities, issued to the Depositary or its nominee for such Series, and registered in the name of such Depositary or nominee.

"Fiscal Year" means with respect to the Company the fiscal year ending December 31 of each year or such other date as the Company may hereafter elect, and with respect to any other Person the calendar year or other annual accounting period of the Person in question.

"Holder" means a Person in whose name a Security is registered in the Security Register.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term "Indenture" shall also include the terms of particular series of Securities established as contemplated by Section 301.

"Interest," when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"Interest Payment Date," when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Maturity," when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Officers' Certificate" means a certificate of the Company signed by the Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of Counsel, who may be Counsel for the Company (including an employee or officer of the Company) and who shall be acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Outstanding," when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment or redemption money, U.S. Government Obligations or both in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; *provided* that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made and *provided further*, in the case of payment by Defeasance under Section 1302, that all conditions precedent to the application of such Section shall have been satisfied; and

(iii) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof pursuant to Section 502, (ii) the principal amount of a Security denominated in a foreign currency or currencies shall be the U.S. dollar equivalent, determined on the date of original issuance of such Security, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the date of original issuance of such Security of the amount determined as provided in (i) above) of such Security, and (iii) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's independent right so to act with respect to such Securities and that the pledgee is not the

Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Securities on behalf of the Company.

"Person" means any individual, Corporation, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment," when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest on the Securities of that series are payable as specified as contemplated by Section 301 or, if not so specified, the City of New York in the State of New York.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Redemption Date," when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price," when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

"Responsible Officer," when used with respect to the Trustee, means any officer of the Trustee charged with responsibility for the administration of the Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security" and "Securities" have the meaning stated in the first recital of this Indenture and more particularly mean any Security or Securities authenticated and delivered under this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity," when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable

"Subsidiary" means a Corporation more than 50% of the outstanding Voting Stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in effect from time to time.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"U.S. Government Obligation" has the meaning set forth in Section 1303.

"Vice President," when used with respect to the Company means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

"Voting Stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency, but shall not include securities convertible into such Voting Stock.

The term "Wholly-Owned Subsidiary" shall mean at any given time any Corporation all of the outstanding securities of which having ordinary voting power (other than securities having such power only by reason of the happening of a contingency), except for directors' qualifying shares, shall at such time be owned by the Company or by one or more Wholly- Owned Subsidiaries or by the Company and one or more Wholly-Owned Subsidiaries.

Section 102. Compliance Certificates and Opinions.

Except as otherwise expressly provided by this Indenture, upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture that requires that the Company comply with any conditions precedent before the Trustee shall take such action, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Company in reliance thereon, whether or not notation of such action is made upon such Security or such other Security.

Section 105. Notices, Etc., to Trustee or Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at Towermarc Plaza, 2nd Floor, 10161 Centurion Parkway, Jacksonville, FL 32256, or at any other address that the Trustee previously furnished in writing to the Person giving such notice, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

Section 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of

such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

Section 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

Section 113. Legal Holidays.

Except as otherwise provided for in the Securities of any Series, in any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on

the Interest Payment Date or Redemption Date, or at the Stated Maturity, *provided* that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

ARTICLE TWO
Security Forms

Section 201. Forms Generally.

The Securities of each series shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of such Securities. If the form of Securities of any series of such Securities is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The Trustee's certificates of authentication shall be in substantially the form set forth in this Article.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Section 202. Form of Face of Security.

[Insert any legend required by the Internal Revenue Code and the regulations thereunder.]

CUSIP Number

TAMPA ELECTRIC COMPANY
% Due

No. ....

[$].....

TAMPA ELECTRIC COMPANY, a corporation duly organized and existing under the laws of The State of Florida (herein called the "Company," which term includes any successor Corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to ....., or registered assigns, the principal sum of .... Dollars on .... [If the Security is to bear interest prior to Maturity, insert -- , and to pay interest thereon from ..... or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on

..... and ..... in each year, commencing ....., at the rate of ....% per annum, until the principal hereof is paid or made available for payment [If applicable, insert -- , and (to the extent that the payment of such interest shall be legally enforceable) at the rate of ....% per annum on any overdue principal and premium and on any overdue installment of interest] -- or if the Security is to bear interest at a rate subject to adjustment from time to time pursuant to a market index, insert any provisions relating to the index mechanism. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the ..... or ..... (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture].

[If the Security is not to bear interest prior to Maturity, insert -- The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal of this Security shall bear interest at the rate of ....% per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such default in payment to the date payment of such principal has been made or duly provided for. Interest on any overdue principal shall be payable on demand. Any such interest on any overdue principal that is not so paid on demand shall bear interest at the rate of .....% per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such demand for payment to the date payment of such interest has been made or duly provided for, and such interest shall also be payable on demand.]

Payment of the principal of (and premium, if any) and [if applicable, insert -- any such] interest on this Security will be made at the office or agency of the Company maintained for that purpose in ....., [if applicable, insert -- in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts] [if applicable, insert -- ; *provided, however*, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or, at the option of the Holder hereof, to such other place in the United States of America as the Holder hereof shall designate to the Trustee in writing or, at the option of the Holder hereof, by wire transfer in immediately available funds if such Holder owns Securities of the same series as this Security issued pursuant to the Indenture which pay interest on the same Interest Payment Date and which are in an aggregate principal amount of $5,000,000 or more, *provided* that the Holder shall bear any and all expenses of any such wire transfer] and *provided further* that proper written wiring instructions shall have been received by the Trustee on or prior to the Regular Record Date. [If applicable, insert any foreign currency-related provisions.]

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

TAMPA ELECTRIC COMPANY

By .....
Title:

Section 203. Form of Reverse of Security.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of [.....], 1998 (herein called the "Indenture"), among the Company and The Bank of New York, as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the securities of the series designated on the face hereof [, limited in aggregate principal amount to $.....].

[If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [if applicable, insert -- (1) on ..... in any year commencing with the year ..... and ending with the year ..... through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any time [on or after ....., 19..], as a whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [on or before ....., __%, and if redeemed] during the 12-month period beginning ..... of the years indicated,

Year	Redemption Price	Year	Redemption Price

and thereafter at a Redemption Price equal to .....% of the principal amount, together in the case of any such redemption [if applicable, insert -- (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Regular Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' nor more than 60 days' notice by mail, (1) on ..... in any year commencing with the year .... and ending with the year .... through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time [on or after .....], as a whole or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: If redeemed during the 12-month period beginning ..... of the years indicated,

Year	Redemption Price For Redemption Through Operation of the Sinking Fund	Price For Redemption Otherwise Than Through Operation of the Sinking Fund

and thereafter at a Redemption Price equal to .....% of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Regular Record Dates referred to on the face hereof, all as provided in the Indenture.]

[Notwithstanding the foregoing, the Company may not, prior to ....., redeem any Securities of this series as contemplated by [Clause (2) of] the preceding paragraph as a part of,

or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted financial practice) of less than .....% per annum.]

[The sinking fund for this series provides for the redemption on ..... in each year beginning with the year ..... and ending with the year ..... of [not less than $..... [("mandatory sinking fund") and not more than $.....] aggregate principal amount of Securities of this series. [The Company may, at its option, in each of the years commencing with the year ..... make an additional payment into the sinking fund not exceeding the mandatory sinking fund payment, to be likewise applied to the redemption of Securities at the principal amount without premium, with interest accrued thereon to the date fixed for redemption.] [Securities of this series acquired or redeemed by the Company otherwise than through [mandatory] sinking fund payments may be credited against subsequent [mandatory] sinking fund payments otherwise required to be made -- in the inverse order in which they become due.]

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

[The Indenture contains provisions for Defeasance at any time of the entire indebtedness on this Security upon compliance by the Company with certain conditions set forth therein, which provisions apply to this Security.]

[If the Security is not an Original Issue Discount Security, -- If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[If the Security is an Original Issue Discount Security, -- If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to -- insert formula for determining the amount. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected and of the Holders of 66 2/3% in principal amount of the Securities at the time Outstanding of all series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the

Indenture and certain past defaults under the Indenture and their consequences. To the extent permitted by law, any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registerable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of (and premium, if any) and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons and, except for such Securities issued in book-entry form, only in denominations of [$]..... and any integral multiple of [$]..... As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company or the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

This Security shall be governed by and construed in accordance with the laws of The State of New York.

Section 204. Additional Provisions Required in Global Security.

Any Global Security issued hereunder shall, in addition to the provisions contained in Sections 202 and 203, bear a legend in substantially the following form:

> "This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee of a Depositary. This Security is exchangeable for Securities registered in the name of a person other than the Depositary or its nominee only in the limited circumstances described in the Indenture and may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary."

Section 205. Form of Trustee's Certificate of Authentication.

This is one of the Securities of the series designated in or pursuant to the within-mentioned Indenture and referred to therein.

The Bank of New York,
as Trustee

By ..... Date: .....
Authorized Signatory

or,

[Name of Authenticating Agent],
as Authenticating Agent

By ..... Date: .....
Authorized Signatory

ARTICLE THREE
The Securities

Section 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution, and (subject to Section 303) set forth or determined as provided in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906 or 1107 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(3) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(4) the date or dates on which the principal of the Securities of the series is payable;

(5) the rate or rates (or method for establishing the rate or rates) at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable and the Regular Record Date for the interest payable on any Interest Payment Date (or method for establishing such date or dates);

(6) the place or places where the principal of (and premium, if any) and interest on Securities of the series shall be payable;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company;

(8) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;

(10) if other than the full principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(11) if other than such coin or currency of the United States of America as at the time of payment is legal tender for payment of public or private debts, the currency or currencies (including composite currencies) in which payment of the principal of (and premium, if any) and/or interest on the Securities of such series shall be payable;

(12) if the principal of (and premium, if any) and/or interest on the Securities of such series are to be payable, at the election of the Company or any Holder, in a currency or currencies (including composite currencies) other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(13) if the amounts of payments of principal of (and premium, if any) and/or interest on the Securities of such series may be determined with reference to an index, the manner in which such amounts shall be determined;

(14) in the case of Securities of a series the terms of which are not established pursuant to subsection (11), (12) or (13) above, the application, if any, of Section 1302 to the Securities of such series; or, in the case of Securities the terms of which are established pursuant to subsection (11), (12) or (13) above, the adoption and applicability to such Securities of any terms and conditions similar to those contained in Section 1302;

(15) whether the Securities of the series shall be issued in the form of a temporary global Security representing all of the Securities of such series and the terms for exchange of such temporary global Security for definitive Securities of such series;

(16) whether the Securities of the series shall be issued in whole or in part in the form of one or more Global Securities and, in such case, the Depositary for such Global Security or Securities, which Depositary shall be a clearing agency registered under the Securities Exchange Act of 1934, as amended; and

(17) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series shall be substantially identical except as to interest rates, method for determining interest rates, Interest Payment Dates, Regular Record Dates, redemption terms, Stated Maturity, denomination, date of authentication, currency, any index for determining amounts payable, and except as may otherwise be provided in or pursuant to such Board Resolution and set forth or determined as provided in such Officers' Certificate or in any such indenture supplemental hereto.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the series.

Section 302. Denominations.

The Securities of each series shall be issuable in registered form without coupons in such denominations as shall be specified as contemplated by Section 301. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

Section 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its President or one of its Vice Presidents. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities; and the Trustee in accordance with such Company Order shall authenticate and make available for delivery such Securities. If the form or terms of the Securities of the series have been established in or pursuant to one or more Board Resolutions as permitted by Sections 201 and 301, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon:

(a) a copy of the resolution or resolutions of the Board of Directors in or pursuant to which the terms and form of the Securities were established, certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect as of the date of such certificate, and if the terms and form of such Securities are established by an Officers' Certificate pursuant to general authorization of the Board of Directors, such Officers' Certificate;

(b) an executed supplemental indenture, if any;

(c) an Officers' Certificate and Opinion of Counsel delivered in accordance with Section 102; and

(d) an Opinion of Counsel which shall state:

(1) if the form of any of such Securities has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of any of such Securities have been established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture; and

(3) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and

similar laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles.

Notwithstanding that such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture would adversely affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner that is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 301 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the time of authentication of each Security of such series if such documents are delivered at or prior to the time of authentication upon original issuance of the first Security of such series to be issued.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 309 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order from the Company, the Trustee shall authenticate and make available for delivery, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any

series the Company shall execute and the Trustee shall authenticate and make available for delivery in exchange therefor a like principal amount of definitive Securities of the same series and of like tenor, of authorized denominations. Until so exchanged the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

Section 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. Unless the Company has appointed an agent other than the Trustee as "Security Registrar", the Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of any series at the office or agency in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and make available for delivery, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and make available for delivery, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906 or 1107 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption

under Section 1103 and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

Notwithstanding the foregoing, any Global Security shall be exchangeable pursuant to this Section 305 for Securities registered in the names of Persons other than the Depositary for such Security or its nominee only if (i) such Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, at a time when such Depository is requested to be so registered in order to act as Depositary, (ii) the Company executes and delivers to the Trustee a Company Order that such Global Security shall be so exchangeable or (iii) there shall have occurred and be continuing an Event of Default with respect to the Securities. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Securities registered in such names as such Depositary shall direct.

Notwithstanding any other provision in this Indenture, a Global Security may not be transferred except as a whole by the Depositary with respect to such Global Security to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary.

Section 306. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and make available for delivery in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of any of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and make available for delivery, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the

Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 307. Payment of Interest; Interest Rights Reserved.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder entitled to such interest by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a special record date (the "Special Record Date") for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, that were carried by such other Security.

Section 308. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 307) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be returned to the Company.

Section 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE FOUR
Satisfaction and Discharge

Section 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly

provided for), and the Trustee, on the demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) the Company has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose (A) money in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm acceptable to the Company expressed in a written certification thereof delivered to the Trustee, to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or earlier Redemption Date (in the case of Securities that have been, or by an irrevocable instruction delivered by the Company to the Trustee will be, called for redemption), as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

Section 402. Application of Trust Money.

Subject to provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations deposited with the Trustee pursuant to Sections 401 or 1302 and all money received by the Trustee in respect of U.S. Government Obligations deposited with the Trustee pursuant to Sections 401 or 1302, shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may

determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for which payment such money has been deposited with or received by the Trustee as contemplated by Section 401 and Section 1302.

ARTICLE FIVE
Remedies

Section 501. Events of Default.

"Event of Default," wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series and continuance of such default for a period of 30 days; or

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of series of Securities other than that series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any

other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(7) any other Event of Default provided with respect to Securities of that series.

Subject to the provisions of Section 601 hereof, the Trustee shall not be deemed to have knowledge of an Event of Default hereunder (except for those described in paragraphs (1) through (3) above) unless a Responsible Officer has received written notice thereof.

Upon receipt by the Trustee of any Notice of Default pursuant to this Section 501 with respect to Securities of a series all or part of which is represented by a Global Security, a record date shall be established for determining Holders of Outstanding Securities of such series entitled to join in such Notice of Default, which record date shall be at the close of business on the day the Trustee receives such Notice of Default. The Holders as of such record date, or their duly designated proxies, and only such Persons, shall be entitled to join in such Notice of Default, whether or not such Holders remain Holders after such record date; *provided*, that unless holders of at least 25% in principal amount of the Outstanding Securities of such series, or their proxies, shall have joined in such Notice of Default prior to the day which is 90 days after such record date, such Notice of Default shall automatically and without further action by any Holder be canceled and of no further effect. Nothing in this paragraph shall prevent a Holder, or a proxy of a Holder, from giving, after expiration of such 90-day period, a new Notice of Default identical to a Notice of Default which has been cancelled pursuant to the proviso to the preceding sentence, in which event a new record date shall be established pursuant to the provisions of this Section 501.

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Section 501(5) or 501(6)) with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if any of the Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If an Event of Default specified in Section 501(5) or 501(6) with respect to Securities of any series at the time Outstanding occurs, the principal amount of all the Securities of that series (of, if any Securities

of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Upon receipt by the Trustee of written notice declaring such an acceleration, or rescission and annulment thereof, with respect to Securities of a series all or part of which is represented by a Global Security, a record date shall be established for determining Holders of Outstanding Securities of such series entitled to join in such notice, which record date shall be at the close of business on the day the Trustee receives such notice. The Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to join in such notice, whether or not such Holders remain Holders after such record date; *provided*, that unless such declaration of acceleration, or rescission and annulment, as the case may be, shall have become effective by virtue of the requisite percentage having joined in such notice prior to the day which is 90 days after such record date, such notice of declaration of acceleration, or rescission and annulment, as the case may be, shall automatically and without further action by any Holder be cancelled and of no further effect. Nothing in this paragraph shall prevent a Holder, or a proxy of a Holder, from giving, after expiration of such 90-day period, a new written notice of declaration of acceleration, or rescission and annulment thereof, as the case may be, that is identical to a written

notice which has been cancelled pursuant to the proviso to the preceding sentence, in which event a new record date shall be established pursuant to the provisions of this Section 502.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days;

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof; or

(3) default is made in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series and such default continues for a period of 30 days;

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue

principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607; and

SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without

preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively.

Section 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 307) interest on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case,

subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, *provided* that

(1) such direction shall not be in conflict with any rule of law or with this Indenture, nor subject the Trustee to a material risk of personal liability, and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Upon receipt by the Trustee of any written notice directing the time, method or place of conducting any such proceeding or exercising any such trust or power, with respect to Securities of a series all or part of which is represented by a Global Security, a record date shall be established by the Trustee for determining Holders of Outstanding Securities of such series entitled to join in such notice, which record date shall be at the close of business on the day the Trustee receives such notice. The Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to join in such notice, whether or not such Holders remain Holders after such record date; *provided*, that unless the Holders of a majority in principal amount of the Outstanding Securities of such series shall have joined in such notice prior to the day which is 90 days after such record date, such notice shall automatically and

without further action by any Holder be cancelled and of no further effect. Nothing in this paragraph shall prevent a Holder, or a proxy of a Holder, from giving, after expiration of such 90-day period, a new notice identical to a notice which has been cancelled pursuant to the proviso to the preceding sentence, in which event a new record date shall be established pursuant to the provisions of this Section 512.

Section 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of (or premium, if any) or interest on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

The Trustee may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to waive any past default hereunder. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to waive any default hereunder, whether or not such Holders remain Holders after such record date; *provided*, that unless such majority in principal amount shall have waived such default prior to the date which is 90 days after such record date, any such waiver previously given shall automatically and without further action by any Holder be cancelled and of no further effect.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

Section 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX
The Trustee

Section 601. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction, determined as provided in

Section 512, of the Holders of a majority in principal amount of the Outstanding Securities of any series, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(5) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall transmit by mail to all Holders of Securities of such series, as their names and addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; *provided, however*, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Securities of such series. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

Section 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order, or as otherwise expressly provided herein, and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any

action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with Counsel and the advice of such Counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(h) The Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed, upon advice of Counsel, by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

Section 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee or any Authenticating Agent assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee or any Authenticating Agent shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise

deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

Section 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

Section 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time such compensation as shall be agreed to in writing between the Company and the Trustee for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the compensation and the expenses and disbursements of its agents and Counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify each of the Trustee, or any predecessor Trustee, and each of its officers, directors, employees and agents, for, and to hold it harmless against, any and all losses, liabilities, damages, claims or expenses, including taxes (other than taxes based upon, measured or determined by the income of the Trustee) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of, premium, if any, or interest, if any, on particular Securities.

Section 608. Disqualification; Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by such Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series or a trustee under any other indenture with respect to bonds issued for the benefit of Tampa Electric Company by Hillsborough County Industrial Development Authority and Polk County Industrial Development Authority.

Section 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a Corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by Federal or State authority. If such Corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608(a) after written request therefor by the Company or any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or Control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee with respect to all Securities, or (ii) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly

situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series by mailing written notice of such event by first-class mail, postage prepaid, to all Holders of Securities of such series as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

Section 611. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and

which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) and (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 612. Merger, Conversion, Consolidation or Succession to Business.

Any Corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any Corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such Corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 613. Preferential Collection of Claims.

If and when the Trustee shall be or become a creditor of the Company, the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company.

Section 614. Appointment of Authenticating Agent.

At any time when any of the Securities remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a Corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any Corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any Corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any Corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, *provided* such Corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register.

Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of su :h series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

By _____
The Bank of New York, as Trustee

By_____
As Authenticating Agent

By_____
Authorized Signatory

ARTICLE SEVEN
Holders' Lists and Reports by Trustee and Company

Section 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(a) semi-annually, not later than 15 days after each Regular Record Date (or, if there is no Regular Record Date relating to a series, semi-annually on dates set forth in the Board Resolution or supplemental indenture with respect to such series), a list, in such form as the Trustee may reasonably require, of the nam:s and addresses of the Holders as of such date, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

Section 702. Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

Section 703. Reports by Trustee.

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

Reports so required to be transmitted at stated intervals of not more than 12 months shall be transmitted no later than 60 days after May 15 in each calendar year, commencing with the year 1999.

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

Section 704. Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; *provided* that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended, shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

ARTICLE EIGHT
Consolidation, Merger, Conveyance or Transfer

Section 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other Corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(1) the Corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety shall be, if a Corporation, a Corporation organized and existing under the laws of the United States of America or any State or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

The Company shall not consolidate with any other Corporation or permit the Company to be merged into any other Corporation, or sell its property and assets as, or substantially as, an entirety except upon the terms and conditions set forth in this Article Eight. Upon any consolidation or merger, or any sale of the property and assets of the Company as, or substantially as, an entirety in accordance with the provisions of this Article Eight, the Corporation formed by such consolidation or into which the Company shall have been merged or the Person to which such sale shall have been made shall succeed to and be substituted for the Company with the same effect as if it had been named herein as a party hereto, and thereafter from time to time such Corporation may exercise each and every right and power of the Company under this Indenture, in the name of the Company or in its own name; and any act or proceeding by any provision of this Indenture required or permitted to be done by any board or officer of the Company may be done with like force and effect by the like board or officer of any Corporation that shall at the time be the successor of the Company hereunder.

The Trustee shall be entitled to receive and may conclusively rely on and shall be protected in relying upon an Opinion of Counsel as conclusive evidence that any such consolidation, merger or sale, and any such assumption of payment and performance complies with the provisions of this Article.

ARTICLE NINE
Supplemental Indentures

Section 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default; or

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form or to facilitate the issuance of Securities in global form; or

(5) to change or eliminate any of the provisions of this Indenture, *provided* that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture that is entitled to the benefit of such provision; or

(6) to secure the Securities pursuant to the requirements of Section 801(3) or Section 1004 or otherwise; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series or to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611(b); or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, *provided*

such action shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

Section 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture and of not less than 66 2/3% in principal amount of the Outstanding Securities of all series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; *provided, however,* that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 513 or Section 1008, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; *provided, however,* that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 1008, or the deletion of this proviso, in accordance with the requirements of Sections 611(b) and 901(8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; *provided*, that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 90 days after such record date, any such consent previously given shall automatically and without further action by any Holder be cancelled and of no further effect.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties, or immunities or liabilities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

Section 906. Reference in Securities to Supplemental Indentures.

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and such Securities may be authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN
Covenants

Section 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

Section 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its failure so to act.

In the event that the Company appoints one or more Paying Agents for any series of Securities, the Company covenants and agrees to indemnify the Trustee for, and hold the Trustee harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the administration of the duties of the Paying Agent appointed by the Company under this Indenture and to reimburse the Trustee for the reasonable costs and expenses (including Counsel fees) of defending against any such claim or liability.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of (and premium, if any) or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment of principal (and premium, if any) or interest on the Securities of that series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order of the Company direct any Paying Agent to pay to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company in trust for the payment of the principal of (and premium, if any) or interest on any Security of any series and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Company on Company Request or (if then held by the Company) shall be discharged from such trust, subject to any other requirements imposed on the Trustee by applicable law; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however,* that the Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the Borough of Manhattan, The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 1004. Statement by Officers as to Default.

The Company shall deliver to the Trustee within 30 days after the occurrence thereof written notice of any event which with the giving of notice and the lapse of time or both would become an Event of Default.

The Company shall deliver to the Trustee, within 120 days after the end of each Fiscal Year of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions applicable to the Company hereunder, and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

ARTICLE ELEVEN
Redemption of Securities

Section 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

Section 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Securities of like tenor of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

Section 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of like tenor of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of like tenor of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of such Securities of a denomination larger than the minimum authorized denomination for such Securities.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 1104. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date unless a shorter period is specified pursuant to Section 301, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) the CUSIP Number of the Securities to be redeemed,

(4) if less than all the Outstanding Securities of like tenor of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Securities to be redeemed,

(5) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(6) the place or places where such Securities are to be surrendered for payment of the Redemption Price, and

(7) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

Section 1105. Deposit of Redemption Price.

Unless the Company has otherwise made an election to have Section 1302 apply to the Securities of any series and has complied with the provisions of Section 1303, on or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the

Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

Section 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company or by the Trustee, if the Company has made an election pursuant to Section 1301, at the Redemption Price, together with accrued interest to the Redemption Date; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

Section 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered. If a Global Security is so surrendered, such new Security so issued shall be a new Global Security.

ARTICLE TWELVE
Sinking Funds

Section 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment. If provided for by the terms of

Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

Section 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect o the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; *provided* that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

Section 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202 and will also deliver to the Trustee any Securities to be so delivered. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

ARTICLE THIRTEEN
Defeasance

Section 1301. Applicability of Article; Company's Option to Effect Defeasance.

Unless otherwise provided for the Securities of any series pursuant to Section 301, the provisions of Article Thirteen shall be applicable to the Securities of any series, and the Company may at its option by or pursuant to a Board Resolution, at any time, with respect to the Securities of such series, elect to have Section 1302 be applied to the Outstanding Securities of such series upon compliance with the conditions set forth below in this Article Thirteen.

Section 1302. Defeasance and Discharge.

Upon the Company's exercise of the above option applicable to this Section, the Company shall be deemed to have been discharged from its obligations with respect to the Outstanding Securities of such series on the date the conditions set forth below are satisfied (hereinafter, "Defeasance"). For this purpose, such Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Securities of such series and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of Outstanding Securities of such series to receive, solely from the trust fund described in Section 1303 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest on such Securities when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 304, 305, 306, 1002, 1003 and 1102, (C) the rights, powers, trusts, duties, and immunities of the Trustee under Sections 305, 306, 307, 309, 402, 607, the last paragraph of Section 1003 and Sections 1104 and 1106, and otherwise the duty of the Trustee to authenticate Securities of such series issued on registration of transfer or exchange and (D) this Article Thirteen. Subject to compliance with this Article Thirteen, the Company may exercise its option under this Section 1302.

Section 1303. Conditions to Defeasance.

The following shall be the conditions to application of Section 1302 to the Outstanding Securities of such series:

(a) the Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 609 who shall agree to comply with the provisions of this Article Thirteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the holders of such Securities, (A) money in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants or a nationally reconized investment banking firm acceptable to the Company expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (i) the principal of (and premium, if any) and each installment of principal of (and premium, if any) and interest on the Outstanding Securities of such series on any Redemption Date, if the Company has irrevocably elected to cause the Outstanding Securities of such series subject to redemption to be redeemed on a specific Redemption Date by giving notice to the Trustee of such election at the time it exercises its option pursuant to Section 1302, or on the Stated Maturity of such principal or installment of principal or interest and (ii) any mandatory sinking fund payments or analogous payments applicable to the Outstanding Securities of such series on the day on which such payments are due and payable in

accordance with the terms of this Indenture and of such Securities. For this purpose, "U.S. Government Obligations" means securities that are (x) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (y) obligations of a Person Controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt, *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

(b) (i) No Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to the Securities of such series shall have occurred and be continuing on the date of such deposit, and (ii) with respect to a Defeasance and discharge under Section 1302, no such Event of Default or event shall have occurred and be continuing under subsection 501(5) or (6) hereof at any time during the period ending on the 91st day after the date of such deposit or, if longer, ending on the day following the expiration of the longest preference period applicable to the Company in respect of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period); *provided* that in connection with a Defeasance under Section 1302 the Company will be released from its covenant under Section 1004 immediately upon the making of the deposit under subsection (a) without reference to the additional period of time referred to in this subsection (ii); and *provided, further, however*, that if (x) a bank with an investment rating of at least A by each of Standard & Poor's Corporation and Moody's Investors Service, Inc. shall issue in favor of the Trustee, for the benefit of the Holders of the Outstanding Securities to be defeased hereunder, an unsecured letter of credit to guarantee the deposit referred to in subparagraph (a) above and (y) the Company shall provide to the Trustee an Opinion of Counsel (which shall be nationally recognized Counsel experienced in bankruptcy matters) satisfactory to the Trustee to the effect that no payments pursuant to the letter of credit to be made for the benefit of the Holders of the Outstanding Securities to be defeased hereunder would be subject to recapture, as a preference or otherwise, by any trustee in bankruptcy of the Company, then this condition shall be satisfied without regard to the period of time referred to in subsection (ii) above.

(c) Such Defeasance shall not cause the Trustee for the Securities of such series to have a conflicting interest as defined in Section 608 and for purposes of the Trust Indenture Act with respect to any securities of the Company.

(d) Such Defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound.

(e) Such Defeasance shall not cause any Securities of such series then listed on any registered national securities exchange under the Securities Exchange Act of 1934, as amended, to be delisted.

(f) Such Defeasance shall be effected in compliance with any additional terms, conditions or limitations which may be imposed on the Company in connection therewith pursuant to Section 301.

(g) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the Defeasance under Section 1302 have been complied with.

Section 1304. Deposited Money and U.S. Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee -- collectively, for purposes of this Section 1304, the "Trustee") pursuant to Section 1304 in respect of the Outstanding Securities of such series shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own paying agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 1304 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Securities of such series.

Anything in this Article Thirteen to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 1304 which, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm acceptable to the Company expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Defeasance or covenant Defeasance.

Section 1305. Reinstatement.

If the Trustee is unable to apply any money in accordance with Section 401 or Section 1302 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application,

the Company's obligations under this Indenture and the Securities of such series shall be revived and reinstated as though no deposit had occurred pursuant to Section 401 or Section 1302 until such time as the Trustee is permitted to apply all such money in accordance with Section 401 or Section 1302; provided, however, that if the Company has made any payment of interest on or principal of (and premium, if any, on) any Securities of such series because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such series of Securities to rec eive such payment from the money held by the Trustee.

* * * *

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[The balance of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed, all as of the day and year first above written.

TAMPA ELECTRIC COMPANY

By _____
Girard F. Anderson
Chairman of the Board and Chief Executive Officer

[Corporate Seal]

THE BANK OF NEW YORK,
as Trustee

By _____
Name:
Title:

[Corporate Seal]

State of Distrist of Columbia)
) SS.:
County of)

On the 28 day of July, 1998 before me personally came Girard F. Anderson, to me known, who, being by me duly sworn, did depose and say that he is Chairman of the Board and Chief Executive Officer of TAMPA ELECTRIC COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

James Roberts
Notary Public

State of New York)
) SS.:
County of New York)

On the _____ day of _____ 1998 before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she is _____ of THE BANK OF NEW YORK, one of the corporations described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he/she signed his/her names thereto by like authority.

_____
Notary Public

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed, all as of the day and year first above written.

TAMPA ELECTRIC COMPANY

By_____
Girard F. Anderson
Chairman of the Board and Chief Executive Officer

[Corporate Seal]

THE BANK OF NEW YORK,
as Trustee

By_____
Name: M. S. SIGNORETTA
Title: VICE PRESIDENT

[Corporate Seal]

State of)
) SS.:
County of)

On the _____ day of _____, 1998 before me personally came Girard F. Anderson, to me known, who, being by me duly sworn, did depose and say that he is Chairman of the Board and Chief Executive Officer of TAMPA ELECTRIC COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

_____
Notary Public

State of New York)
) SS.:
County of New York)

On the 29th day of July 1998 before me personally came N. S. SIGNORETTA to me known, who, being by me duly sworn, did depose and say that he/she is VICE PRESIDENT of THE BANK OF NEW YORK, one of the corporations described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he/she signed his/her names thereto by like authority.

Notary Public

WILLIAM J. CASSELS
Notary Public, State of New York
No. 01CA5027729
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires May 16, 2000

Exhibit C

TAMPA ELECTRIC COMPANY

and

THE BANK OF NEW YORK
As Trustee

FIRST SUPPLEMENTAL INDENTURE

dated as of July 15, 1998

Supplementing the Indenture

dated as of July 1, 1998

$50,000,000

Remarketed Notes Due 2038

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(continued)

This First Supplemental Indenture, dated as of the 15th day of July, 1998 between Tampa Electric Company, a corporation duly organized and existing under the laws of the State of Florida (hereinafter called the "Company") and having its principal office at TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602, and The Bank of New York, (hereinafter called the "Trustee") and having its principal corporate trust office at 101 Barclay Street, 21st Floor, New York, New York, 10286.

WITNESSETH:

WHEREAS, the Company and the Trustee entered into an Indenture, dated as of July 1, 1998 (the "Original Indenture"), pursuant to which one or more series of debt of the Company (the "Securities") may be issued from time to time; and

WHEREAS, Section 201 of the Original Indenture permits the terms of any series of Securities to be established in an indenture supplemental to the Original Indenture; and

WHEREAS, Section 901(7) of the Original Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee without the consent of any Holders of the Securities to establish the form and terms of the Securities of any series; and

WHEREAS, the Company has requested the Trustee to join with it in the execution and delivery of this First Supplemental Indenture in order to supplement and amend the Original Indenture by, among other things, establishing the form and terms of one series of Securities to be known as the Company's "Remarketed Notes Due 2038" (the "Notes") and amending and adding certain provisions thereof for the benefit of the Holders of the Notes; and

WHEREAS, the Company and the Trustee desire to enter into this First Supplemental Indenture for the purposes set forth in Sections 201 and 901 of the Original Indenture as referred to above; and

WHEREAS, the Company has furnished the Trustee with a Board Resolution authorizing the execution of this First Supplemental Indenture; and

WHEREAS, all things necessary to make this First Supplemental Indenture a valid agreement of the Company and the Trustee and a valid supplement to the Original Indenture have been done,

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes to be issued hereunder by holders thereof, the Company and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Notes, as follows:

ARTICLE ONE

Definitions and Other Provisions of General Application

Section 101. Definitions

All capitalized terms that are used herein and not otherwise defined herein shall have the meanings assigned to them in the Original Indenture. The Original Indenture together with this First Supplemental Indenture are hereinafter sometimes collectively referred to as the "Indenture."

"Applicable Spread" shall mean the lowest bid indication, expressed as a spread (in the form of a percentage or in basis points) above the Base Rate, obtained by the SPURS Agent on the applicable Determination Date from the bids quoted by up to five Reference Corporate Dealers for the full aggregate outstanding principal amount of the Notes at the Dollar Price, but assuming (i) an issue date equal to the applicable SPURS Remarketing Date, with settlement on such date without accrued interest, (ii) a maturity date equal to the next succeeding Interest Rate Adjustment Date of the Notes, and (iii) a stated annual interest rate, payable semiannually on each Interest Payment Date, equal to the Base Rate plus the spread bid by the applicable Reference Corporate Dealer. If fewer than five Reference Corporate Dealers bid as described above, then the Applicable Spread shall be the lowest of such bid indications obtained as described above. The SPURS Interest Rate announced by the SPURS Agent, absent manifest error, shall be binding and conclusive upon the Beneficial Owners and holders of the Notes, the Company and the Trustee.

"Base Rate" shall mean the interest rate established by the SPURS Agent, after consultation with the Company, as the applicable "base rate" at commencement of the applicable SPURS Mode.

"Beneficial Owner" shall mean, for Notes in book-entry form, the Person who acquires an interest in the Notes, which is reflected on the records of the Depositary through its participants.

"Business Day" shall mean any day that is not a day on which banking institutions in New York, New York, or the state in which the office of the Trustee at which the Indenture is administered are authorized or obligated by law or executive order to close; *provided, however,* that with respect to Notes in the Long Term Rate Mode or the SPURS Mode as to which LIBOR is an applicable Interest Rate Basis, such day is also a London Business Day (as hereinafter defined). "London Business Day" shall mean (i) if the Index Currency (as hereinafter defined) is other than European Currency Units ("ECU"), any day on which dealings in such Index Currency are transacted in the London interbank market or (ii) if the Index Currency is ECU, any day that does not appear as an ECU non-settlement day on the display designated as "ISDE" on the Reuters Monitor Money Rates Service (or a day so designated by the ECU Banking Association) or, if ECU non-settlement days do not appear on the page (and are not so designated), is a day on which payments in ECU can be settled in the international banking market.

"Calculation Agent" shall have the meaning specified in Section 206(a) hereof.

"Calculation Date" shall have the meaning specified in Section 206(a) hereof.

"CD Rate" shall have the meaning specified in Section 206(b)(1) hereof.

"CMT Rate" shall have the meaning specified in Section 206(b)(2) hereof.

"Commercial Paper Term Mode" shall mean, with respect to any Note, the Interest Rate Mode in which the interest rate on such Note is reset on a periodic basis that shall not be less than one calendar day nor more than 364 consecutive calendar days and interest is paid as provided for such Interest Rate Mode in Section 204(e)(1) hereof.

"Commercial Paper Term Period" shall mean, with respect to any Note, the Interest Rate Period in the Commercial Paper Term Mode that is a period of not less than one nor more than 364 consecutive calendar days, as determined by the Company or, if not so determined, by the Remarketing Agent for such Note (in its best judgment in order to obtain the lowest interest cost for the Note). Each Commercial Paper Term Period will commence on the Interest Rate Adjustment Date therefor and end on the day preceding the date specified by such Remarketing Agent as the first day of the next Interest Rate Period for the Notes. The interest rate for any Commercial Paper Term Period relating to any Note will be determined not later than 11:50 a.m., New York City time, on the Interest Rate Adjustment Date for the Note, which is the first day of each Interest Period for such Note.

"Comparable Treasury Issues" shall mean the United States Treasury security or securities selected by the SPURS Agent as having an actual or interpolated maturity or maturities comparable or applicable to the remaining term to the next succeeding Interest Rate Adjustment Date of the Notes being purchased.

"Comparable Treasury Price" shall mean, with respect to the SPURS Remarketing Date, (a) the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) at 11:00 a.m. on the Determination Date, as set forth on Telerate Page 500 (or such other page as may replace Telerate Page 500) or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on such Determination Date, (i) the average of the Reference Treasury Dealer Quotations for such SPURS Remarketing Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the SPURS Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. "Telerate Page 500" shall mean the display designated as "Telerate Page 500" on Dow Jones Markets (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in (a) above as may replace Dow Jones Markets.

"Composite Quotations" shall mean the daily statistical release entitled "Composite 3:30 P.M. Quotations for United States Government Securities" published by the Federal Reserve Bank of New York or any successor publication.

"Depositary" shall have the meaning specified in Section 203 hereof.

"Designated CMT Telerate Page" shall mean the display on the Dow Jones Markets (or any successor service) on the page specified in the applicable Floating Interest Rate Notice (or any other page as may replace such page on such service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519)) for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If no such page is specified in the applicable Floating Interest Rate Notice, the page shall be 7052 for the most recent week.

"Designated CMT Maturity Index" shall mean the original period to maturity of the United States Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the applicable Floating Interest Rate Notice with respect to which the CMT Rate will be calculated. If no such maturity is specified in the applicable Floating Interest Rate Notice, the Designated CMT Maturity Index shall be 2 years.

"Designated LIBOR Page" shall mean (a) if "LIBOR Reuters" is specified in the applicable Floating Interest Rate Notice, the display on the Reuters Monitor Money Rates Service (or any successor service) on the page specified in such Floating Interest Rate Notice (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Index Currency, or (b) if "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice as the method for calculating LIBOR, the display on the Dow Jones Markets (or any successor service) on the page specified in such Floating Interest Rate Notice (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Index Currency.

"Determination Date" shall mean the third Business Day immediately preceding the applicable SPURS Remarketing Date.

"Dollar Price" shall mean the present value determined by the SPURS Agent, as of the applicable SPURS Remarketing Date, of the Remaining Scheduled Payments discounted to such SPURS Remarketing Date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at the Treasury Rate.

"DTC Participant" shall mean an account maintained by an institution with the Depositary through which securities are held by such institution and accounted for by a book-entry registration and transfer system.

"Federal Funds Rate" shall have the meaning specified in Section 206(b)(3) hereof.

"Floating Interest Rate Notice" shall have the meaning specified in Section 206(a) hereof. The form of Floating Rate Interest Notice is set forth as Exhibit C to this First Supplemental Indenture.

"Floating Rate Maximum Interest Rate" and "Floating Rate Minimum Interest Rate" have the respective meanings specified in Section 206(a) hereof.

"H.15(519)" shall mean "Statistical Release H.15(519), Selected Interest Rates" published by the Board of Governors of the Federal Reserve System or any successor publication.

"Index Currency" shall mean the currency or composite currency specified in the applicable Floating Interest Rate Notice as to which LIBOR will be calculated. If no such currency or composite currency is specified in the applicable Floating Interest Rate Notice, the Index Currency will be United States dollars.

"Index Maturity" shall mean the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Bases will be calculated.

"Initial Interest Rate" shall mean the annual rate of interest applicable to the Notes during the Initial Interest Rate Period.

"Initial Interest Rate Period" shall mean the period from the Original Issue Date to, but excluding, Initial SPURS Remarketing Date.

"Initial SPURS Agent" shall mean the SPURS Agent with the option to purchase the Notes on the Initial SPURS Remarketing Date.

"Initial SPURS Remarketing Date" shall mean the date designated by the Initial SPURS Agent, after consultation with the Company, upon which the Initial SPURS Agent may, if it has so elected, remarket the Notes at the SPURS Interest Rate.

"Interest Determination Date" shall have the meaning specified in Section 206(a) hereof.

"Interest Payment Date" shall have the meaning set forth in Section 204(c) hereof.

"Interest Rate Adjustment Date" shall mean (i) for a particular Interest Rate Period in any Interest Rate Mode, each date, which shall be a Business Day, on which interest and, in the case of a floating interest rate, the Spread (if any) and the Spread Multiplier (if any) on the Notes subject thereto commences to accrue at the rate determined and announced by the applicable Remarketing Agent for such Interest Rate Period, and (ii) for Notes in the Initial Interest Rate Period, the Original Issue Date.

"Interest Rate Basis" shall have the meaning specified in Section 206(a) hereof.

"Interest Rate Mode" shall mean the mode in which the interest rate on a Note is being determined, *i.e.*, the Commercial Paper Term Mode, the Long Term Rate Mode or the SPURS Mode.

"Interest Rate Period" shall mean (a) with respect to any Note in the Commercial Paper Term Mode or Long Term Rate Mode, the period of time commencing on the Interest Rate Adjustment Date and extending either (i) to, but not including, the immediately succeeding Interest Rate Adjustment Date or (ii) if there is no succeeding Interest Rate Adjustment Date, to, but not including, the Stated Maturity, and during which such Note bears interest at a particular

fixed interest rate or floating interest rate, and (b) with respect to any Note in the SPURS Mode, the SPURS Rate Period.

"Interest Reset Date" and "Interest Reset Period" have the respective meanings specified in Section 206(a) hereof.

"LIBOR" shall have the meaning specified in Section 206(b)(4) hereof.

"Long Term Rate Mode" shall mean, with respect to any Note, the Interest Rate Mode in which the interest rate on such Note is reset in a Long Term Rate Period and interest is paid as provided for such Interest Rate Mode in Section 204(e)(2) hereof.

"Long Term Rate Period" shall mean, with respect to any Note, any period of more than 364 days and not exceeding the remaining term to the Stated Maturity of such Note.

"Notification Date" shall mean a Business Day not later than five (5) Business Days prior to the applicable SPURS Remarketing Date.

"Optional Redemption" shall mean the redemption of any Note prior to its maturity at the option of the Company as described herein.

"Optional Redemption Price" shall have the meaning specified in Section 305(c) hereof.

"Original Issue Date" shall mean the date upon which the Notes are initially issued by the Company, such date to be set forth on the face of the Note.

"Prime Rate" shall have the meaning specified in Section 206(b)(5) hereof.

"Principal Financial Center" shall mean the capital city of the country issuing the Index Currency, except that with respect to United Stated dollars, Australian dollars, Deutsche marks, Dutch guilders, Italian lire, Swiss francs and ECUs, the Principal Financial Center shall be the City of New York, Sydney, Frankfurt, Amsterdam, Milan, Zurich and Luxembourg, respectively.

"Reference Corporate Dealers" shall mean such Reference Corporate Dealers as shall be appointed by the SPURS Agent after consultation with the Company.

"Reference Treasury Dealers" shall mean such Reference Treasury Dealers as shall be appointed by the SPURS Agent after consultation with the Company.

"Reference Treasury Dealer Quotation" shall mean, with respect to each Reference Treasury Dealer and the SPURS Remarketing Date, the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) quoted in writing to the SPURS Agent by such Reference Treasury Dealer by 3:30 p.m., New York City time, on the Determination Date.

"Remaining Scheduled Payments" shall mean, with respect to the Notes, the remaining scheduled payments of the principal thereof and interest thereon, calculated at the Base Rate

only, that would be due after the SPURS Remarketing Date to and including the next succeeding Interest Rate Adjustment Date.

"Remarketing Agent" shall mean such agent or agents, including any standby remarketing agent (each a "Standby Remarketing Agent"), as the Company may appoint from time to time for the purpose of remarketing of the Notes, as set forth in the remarketing agreement that the Company shall enter into prior to the remarketing of such Notes.

"Reuters Screen U.S. PRIME 1 Page" shall mean the display designated as page "U.S. PRIME 1" on the Reuters Monitor Money Rates Service (or any successor service) on the U.S. PRIME 1 Page (or such other page as may replace the U.S. PRIME 1 Page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

"Special Interest Rate" shall have the meaning set forth in Section 205 hereof.

"Special Mandatory Purchase" shall have the meaning specified in Section 210(a) hereof.

"Spread" shall mean the number of basis points to be added to or subtracted from the related Interest Rate Basis or Bases applicable to an Interest Rate Period for such Note.

"Spread Multiplier" shall mean the percentage of the related Interest Rate Basis or Bases applicable to an Interest Rate Period by which such Interest Rate Basis or Bases will be multiplied to determine the applicable interest rate from time to time for an Interest Rate Period.

"SPURS Agent" shall mean the remarketing agent granted the option under a SPURS Remarketing Agreement to purchase Notes in the SPURS Mode and subsequently remarket the repurchased Notes at a SPURS Interest Rate.

"SPURS Interest Rate" shall mean the rate equal to the Base Rate established by a SPURS Agent, after consultation with the Company, at or prior to the commencement of the applicable SPURS Mode, plus the Applicable Spread, which will be based on the Dollar Price.

"SPURS Mode" shall mean, with respect to any Note, the Interest Rate Mode in which such Note shall bear interest and be subject to remarketing as "Structured PUtable Remarketable Securities" ("SPURS") as provided for in Article Three hereof.

"SPURS Period" shall mean, with respect to any Note remarketed by the Initial SPURS Agent on the Initial SPURS Remarketing Date, that portion of the SPURS Rate Period commencing on the Initial SPURS Remarketing Date up to, but excluding, the next succeeding Interest Rate Adjustment Date.

"SPURS Rate Period" shall mean an Interest Rate Period for any Note in the SPURS Mode established by the Company as a period of more than 364 days and less than the remaining term to the Stated Maturity of such Note; *provided, however,* that such Interest Rate Period must end on the day prior to an Interest Payment Date for such Note. The SPURS Rate Period shall consist of the period to and excluding the SPURS Remarketing Date and the period from and

including the SPURS Remarketing Date to, but excluding, the next succeeding Interest Rate Adjustment Date.

"SPURS Remarketing Agreement" shall mean the agreement by and between the Company and the SPURS Agent dated as of the date commencing the applicable SPURS Rate Period that sets forth the rights and obligations of the Company and the SPURS Agent with respect to the remarketing of Notes in the SPURS Mode.

"SPURS Remarketing Date" shall mean the date designated by the SPURS Agent, after consultation with the Company, upon which the SPURS Agent may elect to remarket the Notes at the SPURS Interest Rate.

"Stated Maturity" shall mean July 15, 2038.

"Treasury Bills" shall have the meaning specified in Section 206(b)(6) hereof.

"Treasury Rate" shall have the meaning specified in Section 206(b)(6) hereof.

"Weekly Rate Period" shall have the meaning specified in Section 204(e)(1) hereof.

Section 102. Section References

Each reference to a particular section set forth in this First Supplemental Indenture shall, unless the context otherwise requires, refer to this First Supplemental Indenture.

ARTICLE TWO

Designation and Terms of the Notes

Section 201. Establishment of Series

There is hereby created a series of Securities to be known and designated as the "Remarketed Notes Due 2038" (the "Notes"), which shall rank equally with each other and all other unsecured and unsubordinated indebtedness of the Company. For the purposes of the Original Indenture, the Notes shall constitute a single series of Securities.

Section 202. Variations in Terms of Notes

Subject to the terms and conditions set forth in the Original Indenture and in this First Supplemental Indenture, the terms of any particular Note may vary from the terms of any other Note as contemplated by Section 301 of the Original Indenture, and the terms for a particular Note will be set forth in such Note as delivered to the Trustee or an Authenticating Agent for authentication pursuant to Section 303 of the Original Indenture.

Section 203. Amount and Denominations; the Depositary

The aggregate principal amount of Notes that may be issued under this First Supplemental Indenture is limited to $50,000,000.

The Notes shall be issuable only in fully registered form and will initially be registered in the name of The Depository Trust Company or its successor ("Depositary"), or its nominee who is hereby designated as "U.S. Depositary" under the Original Indenture. The authorized denominations of Notes shall be $100,000 and integral multiples of $1,000 in excess thereof.

Section 204. Interest Rates, Interest Payment Dates and Interest Rate Periods

(a) *Initial Interest Rate.* The Notes shall initially bear interest at the annual rate set forth in Annex A thereof (the "Initial Interest Rate") from the Original Issue Date to, but excluding, the Initial SPURS Remarketing Date.

(b) *Interest Rate(s) Subsequent to the Initial Interest Rate.* If the Initial SPURS Agent elects to purchase the Notes as described in Section 304 hereof, the Notes shall be subject to mandatory tender to the Initial SPURS Agent on the Initial SPURS Remarketing Date, except in the limited circumstances described in Section 304 hereof, and shall for the SPURS Period bear interest at the SPURS Interest Rate as described in Section 304(b) hereof.

If the Initial SPURS Agent does not purchase the Notes on the Initial SPURS Remarketing Date, thereafter each Note shall bear interest at a rate or rates in a new SPURS Mode, a Long Term Rate Mode or a Commercial Paper Term Mode if remarketed as provided for in Section 209 hereof, or otherwise shall be redeemed by the Company as provided for under Section 210(b) hereof. Each Note may bear interest for designated Interest Rate Periods in the same or a different Interest Rate Mode from other Notes. The interest rate for the Notes shall be established periodically by the applicable Remarketing Agent as provided for in Section 209 hereof. Each Note will set forth on Annex A thereof the then applicable Interest Rate Mode of such Note, its interest rate, each Interest Rate Adjustment Date, the Interest Rate Period and such other information indicated in the form of Annex A attached to Exhibit A hereto.

(c) *Payment of Interest.* Interest shall be payable on any Note at maturity and (i) for the Initial Interest Rate Period, on the dates set forth on the face thereof; (ii) for any Interest Rate Period in the Commercial Paper Term Mode, on the Interest Rate Adjustment Date commencing the next succeeding Interest Rate Period for such Note and on such other dates (if any) as shall be established upon conversion of such Note to the Commercial Paper Term Mode or upon remarketing of the Note in a new Interest Rate Period in the Commercial Paper Term Mode and set forth in Annex A to the applicable Note; and (iii) in the Long Term Rate Mode or SPURS Mode, no less frequently than semiannually on such dates as will be established upon conversion of such Note to the Long Term Rate Mode or the SPURS Mode (or upon remarketing of the Note in a new Interest Rate Period in the Long Term Rate Mode or the SPURS Mode, as the case may be) and set forth in Annex A to the applicable Note in the case of a fixed interest rate, or as described below in Section 206 in the case of a floating interest rate, and on the Interest Rate Adjustment Date commencing the next succeeding Interest Rate Period (each such date, an

"Interest Payment Date"). Such interest will be payable to the holder thereof as of the related Record Date, which, for any Note (x) during the Initial Interest Rate Period is the fifteenth calendar day (whether or not a Business Day) immediately preceding the related Interest Payment Date; (y) in the Commercial Paper Term Mode, is the Business Day prior to the related Interest Payment Date; and (z) in the Long Term Rate Mode or the SPURS Mode, is the fifteenth calendar day (whether or not a Business Day) immediately preceding the related Interest Payment Date. If any Interest Payment Date would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, and no interest will accrue on such payment for the period from and after such Interest Payment Date to the date of such payment on the next succeeding Business Day.

(d) *Computation of Interest.* Interest on Notes bearing interest in the Commercial Paper Term Mode or at a floating interest rate during an Interest Rate Period in the Long Term Rate Mode or the SPURS Mode will be computed on the basis of actual days elapsed over 360; *provided* that, if an applicable Interest Rate Basis is the CMT Rate or Treasury Rate (each as defined in Section 206 hereof), interest will be computed on the basis of actual days elapsed over the actual number of days in the year. Interest on Notes bearing interest at a fixed rate in the Long Term Rate Mode or SPURS Mode will be computed on the basis of a year of 360 days consisting of twelve 30-day months. Interest on Notes at the Initial Interest Rate will be computed on the basis of a year of 360 days consisting of twelve 30-day months.

(e) *Interest Rate Modes.* The Interest Rate Period for each interest rate mode shall be determined in accordance with this subsection (e) subject to possibility of extension of such period pursuant to standby remarketing arrangements, if any, as described in Section 209(b) hereof.

(1) *Commercial Paper Term Mode.* The Interest Rate Period for any Note in the Commercial Paper Term Mode will be a period of not less than one nor more than 364 consecutive calendar days (a "Commercial Paper Term Period"), as determined by the Company (as described in Section 207 below) or, if not so determined, by the Remarketing Agent for such Note (in its best judgment in order to obtain the lowest interest cost for such Note). Each Commercial Paper Term Period will commence on the Interest Rate Adjustment Date therefor and end on the day preceding the date specified by such Remarketing Agent as the first day of the next Interest Rate Period for such Note. A "Weekly Rate Period" is a Commercial Paper Term Period and shall be a period of seven days commencing on any Interest Rate Adjustment Date and ending on the day preceding the first day of the next Interest Rate Period for such Note. The interest rate for any Commercial Paper Term Period relating to a Note shall be determined not later than 11:50 a.m., New York City time, on the Interest Rate Adjustment Date for such Note (subject to Section 209 hereof), which is the first day of each Interest Period for such Note.

(2) *Long Term Rate Mode.* The Interest Rate Period for any Note in the Long Term Rate Mode shall be established by the Company (as described in Section 207 hereof) as a period of more than 364 days and not exceeding the remaining term to the Stated Maturity of such Note (a "Long Term Rate Period"). The interest rate, or Spread (if any) and Spread Multiplier (if any), for any Note in the Long Term Rate Mode shall be determined not later than

11:50 a.m., New York City time, on the Interest Rate Adjustment Date for such Note, which is the first day of each Interest Rate Period for such Note.

(3) *SPURS Mode*. So long as any Note is in a SPURS Mode during the period up to, but excluding, the applicable SPURS Remarketing Date, the provisions set forth in this Article Two are applicable to the remarketing of Notes generally, but only to the extent expressly provided in Article Three. The Interest Rate Period for any Note in the SPURS Mode shall be established by the Company (as described in Section 207 hereof) as a period of more than 364 days and not exceeding the remaining term to the Stated Maturity of such Note (a "SPURS Rate Period"). A SPURS Rate Period shall consist of the period to and excluding the SPURS Remarketing Date and the period from and including the SPURS Remarketing Date to, but excluding, the next succeeding Interest Rate Adjustment Date, as described in Article Three and subject to the conditions therein and otherwise herein described. The interest rate and, in the case of a floating interest rate, the Spread (if any), and the Spread Multiplier (if any) to the SPURS Remarketing Date for any Note in the SPURS Mode shall be determined not later than 11:50 a.m., New York City time, on the Interest Rate Adjustment Date for such Note, which for the SPURS Mode is the first day of each Interest Rate Period for such Note.

Section 205. Determination of Interest Rates

The interest rate and, in the case of a floating interest rate, the Spread (if any), and the Spread Multiplier (if any), for any Note shall be established by the applicable Remarketing Agent in a remarketing as provided for in Section 207 hereof or otherwise not later than the first day of each succeeding Interest Rate Period for such Note, which must be a Business Day (each an "Interest Rate Adjustment Date"), and will be the minimum rate of interest and, in the case of a floating interest rate, Spread (if any) and Spread Multiplier (if any) necessary in the judgment of such Remarketing Agent to produce a par bid in the secondary market for such Note on the date the interest rate is established. Such rate will be effective for the next succeeding Interest Rate Period for such Note commencing on such Interest Rate Adjustment Date.

In the event that (i) the applicable Remarketing Agent has been removed or has resigned and no successor has been appointed; or (ii) such Remarketing Agent has failed to announce the appropriate interest rate, Spread (if any) or Spread Multiplier (if any), as the case may be, on the Interest Rate Adjustment Date for any Note for whatever reason; or (iii) the appropriate interest rate, Spread (if any) or Spread Multiplier (if any), as the case may be, or Interest Rate Period cannot be determined for any Note for whatever reason, then the next succeeding Interest Rate Period for such Note shall be automatically converted to a Weekly Rate Period, and the rate of interest thereon will be equal to the Federal Funds Rate (such rate of interest being referred to herein as the "Special Interest Rate").

After any Interest Rate Adjustment Date any Beneficial Owner may contact the Trustee or the Remarketing Agent in order to be advised of the interest rate applicable to such Beneficial Owner's remarketed Notes. No notice of the applicable interest rate will be sent to Beneficial Owners.

The interest rate and other terms announced by the Remarketing Agent, absent manifest error, shall be binding and conclusive upon the Beneficial Owners, the Company and the Trustee.

Section 206. Election and Determination of a Floating Interest Rate by the Company

(a) While any Note bears interest in the Long Term Rate Mode or the SPURS Mode (with respect to the period from, and including, the Interest Rate Adjustment Date commencing such period to, but excluding, the SPURS Remarketing Date), the Company may elect a floating interest rate by providing notice, which shall be submitted or promptly confirmed in writing (which includes facsimile or appropriate electronic media), received by the Trustee and the Remarketing Agent for such Note (the "Floating Interest Rate Notice") not less than ten (10) days prior to the Interest Rate Adjustment Date for such Long Term Rate Period or SPURS Rate Period. The Floating Interest Rate Notice must identify by CUSIP number or otherwise the portion of the Note to which it relates and state the Interest Rate Period (or portion thereof, in the case of the SPURS Mode) therefor to which it relates. Each Floating Interest Rate Notice must also state the Interest Rate Basis or Bases, the initial Interest Reset Date, the Interest Reset Period and Interest Reset Dates, the Interest Rate Period and Interest Payment Dates, the Index Maturity and the Floating Rate Maximum Interest Rate and/or Floating Rate Minimum Interest Rate, if any. If one or more of the applicable Interest Rate Bases is LIBOR or the CMT Rate, the Floating Interest Rate Notice shall also specify the Index Currency and Designated LIBOR Page or the Designated CMT Maturity Index and Designated CMT Telerate Page, respectively. A form of Floating Interest Rate Notice is attached hereto as Exhibit C.

If any Note bears interest at a floating rate in a Long Term Rate Period or SPURS Rate Period, such Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread (if any) and/or (b) multiplied by the Spread Multiplier (if any) specified by the Remarketing Agent, in the case of a Long Term Rate Period, or the SPURS Agent, in the case of a SPURS Rate Period. Commencing on the Interest Rate Adjustment Date for such Interest Rate Period, the rate at which interest on such Note will be payable shall be reset as of each Interest Reset Date during such Interest Rate Period specified in the applicable Floating Interest Rate Notice.

The applicable floating interest rate on any Note during any Interest Rate Period shall be determined by reference to the applicable Interest Rate Basis or Bases, which may include (i) the CD Rate, (ii) the CMT Rate, (iii) the Federal Funds Rate, (iv) LIBOR, (v) the Prime Rate, (vi) the Treasury Rate or (vii) such other Interest Rate Basis or interest rate formula as may be specified in the applicable Floating Interest Rate Notice (each, an "Interest Rate Basis").

Unless otherwise specified in the applicable Floating Interest Rate Notice, the interest rate with respect to each Interest Rate Basis shall be determined in accordance with the applicable provisions of this Section 206. Except as set forth above or in the applicable Floating Interest Rate Notice, the interest rate in effect on each day shall be (i), if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding such Interest Reset Date or (ii), if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent

Interest Reset Date. If any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding Business Day, unless LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, in which case such Interest Reset Date shall be the immediately preceding Business Day. In addition, if the Treasury Rate is an applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date shall be postponed to the next succeeding Business Day.

The applicable Floating Interest Rate Notice will specify whether the rate of interest will be reset daily, weekly, monthly, quarterly, semiannually or annually or on such other specified basis (each, an "Interest Reset Period") and the dates on which such rate of interest will be reset (each, an "Interest Reset Date"). Unless otherwise specified in the applicable Floating Interest Rate Notice, the Interest Reset Dates will be, in the case of a floating interest rate which resets: (i) daily, each Business Day; (ii) weekly, the Wednesday of each week (unless the Treasury Rate is an applicable Interest Rate Basis, in which case the Tuesday of each week except as described below); (iii) monthly, the third Wednesday of each month; (iv) quarterly, the third Wednesday of March, June, September and December of each year; (v) semiannually, the third Wednesday of the two months specified in the applicable Floating Interest Rate Notice; and (vi) annually, the third Wednesday of the month specified in the applicable Floating Interest Rate Notice.

The interest rate applicable to each Interest Reset Period commencing on the related Interest Reset Date shall be the rate determined as of the applicable Interest Determination Date. The "Interest Determination Date" shall mean (i), with respect to the CD Rate, the CMT Rate, the Federal Funds Rate and the Prime Rate, the second Business Day immediately preceding the applicable Interest Reset Date; (ii) with respect to LIBOR, the second London Business Day immediately preceding the applicable Interest Reset Date, unless the Index Currency is British pounds sterling, in which case it shall mean the applicable Interest Reset Date; and (iii) with respect to the Treasury Rate, the day within the week in which the applicable Interest Reset Date falls upon which day Treasury Bills are normally auctioned; *provided, however*, that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the "Interest Determination Date" shall mean such preceding Friday. If the interest rate of any Note is a floating interest rate determined with reference to two or more Interest Rate Bases specified in the applicable Floating Interest Rate Notice, the Interest Determination Date pertaining to the Note shall be the most recent Business Day which is at least two Business Days prior to the applicable Interest Reset Date on which each Interest Rate Basis shall determinable. Each Interest Rate Basis will be determined as of such date, and the applicable interest rate shall take effect on the related Interest Reset Date.

Either or both of the following may also apply to the floating interest rate on any Note for an Interest Rate Period: (i) a floating rate maximum interest rate, or ceiling, that may accrue during any Interest Reset Period (the "Floating Rate Maximum Interest Rate") and (ii) a floating rate minimum interest rate, or floor, that may accrue during any Interest Reset Period (the "Floating Rate Minimum Interest Rate"). In addition to any Floating Rate Maximum Interest Rate that may apply, the interest rate on any Note shall in no event be higher than the maximum rate permitted under the law of the State of New York, as the same may be modified by United States laws of general application.

Except as provided below or in the applicable Floating Interest Rate Notice, interest will be payable, in the case of floating interest rates which reset: (i) daily, weekly or monthly, on the third Wednesday of each month; (ii) quarterly, on the third Wednesday of March, June, September and December of each year; (iii) semiannually, on the third Wednesday of the two months of each year specified in the applicable Floating Interest Rate Notice; and (iv) annually, on the third Wednesday of the month of each year specified in the applicable Floating Interest Rate Notice and, in each case, on the Business Day immediately following the applicable Long Term Rate Period or SPURS Rate Period, as the case may be. If any Interest Payment Date for the payment of interest at a floating rate (other than following the end of the applicable Long Term Rate Period or SPURS Rate Period, as the case may be) would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, except that if LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day.

All percentages resulting from any calculation of floating interest rates will be rounded to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (*e.g.*, 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all amounts used in or resulting from such calculation will be rounded, in the case of United States dollars, to the nearest cent or, in the case of a foreign currency or composite currency, to the nearest unit (with one-half cent or unit being rounded upwards).

Accrued floating rate interest will be calculated by multiplying the principal amount of the applicable Note by an accrued interest factor. Such accrued interest factor will be computed by adding the interest factor calculated for each day in the applicable Interest Reset Period. Unless otherwise specified in the applicable Floating Interest Rate Notice, the interest factor for each such day will be computed by dividing the interest rate applicable to such day by 360, if an applicable Interest Rate Basis is the CD Rate, the Federal Funds Rate, LIBOR or the Prime Rate, or by the actual number of days in the year if an applicable Interest Rate Basis is the CMT Rate or the Treasury Rate. Unless otherwise specified in the applicable Floating Interest Rate Notice, if the floating interest rate is calculated with reference to two or more Interest Rate Bases, the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied as specified in the applicable Floating Interest Rate Notice.

For any Note bearing interest at a floating rate, the applicable Remarketing Agent shall determine the interest rate in effect from the Interest Rate Adjustment Date for such Note to the initial Interest Reset Date. The interest rate in effect for each Interest Reset Period thereafter shall be determined by a calculation agent selected by the Company (a "Calculation Agent"). Upon request of the Beneficial Owner of a Note, after any Interest Rate Adjustment Date, the Calculation Agent or the Remarketing Agent shall disclose the interest rate and, in the case of a floating interest rate, Interest Rate Basis or Bases, Spread (if any) and Spread Multiplier (if any), and in each case the other terms applicable to such Note then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next succeeding Interest Reset Date with respect to such Note. Except as described herein with

respect to a Note earning interest at floating rates, the Beneficial Owner of a note shall not be entitled to receive notice of the applicable interest rate, Spread (if any) or Spread Multiplier (if any).

Unless otherwise specified in the applicable Floating Interest Rate Notice, the "Calculation Date," if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day immediately preceding the appl cable Interest Payment Date or the Stated Maturity, as the case may be.

(b) *Interest Rate Bases for Floating Interest Rates.* The basis for the floating interest rate on any Note during any Interest Rate Period may include, but is not limited to, any of the following bases (each, an "Interest Rate Basis"):

(1) If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "CD Rate," the CD Rate shall mean, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the CD Rate (a "CD Rate Interest Determination Date"), the rate on such date for negotiable United States dollar certificates of deposit having the Index Maturity specified in the applicable Floating Interest Rate Notice as published in H.15(519) under the heading "CDs (Secondary Market)," or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable United States dollar certificates of deposit of the Index Maturity specified in the applicable Floating Interest Rate notice as published in Composite Quotations under the heading "Certificates of Deposit." If such rate is not yet published in either H.15(519) or Composite Quotations by 3:00 p.m., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable United States dollar certificates of deposit in the City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent, after consultation with the Company, for negotiable United States dollars certificates of deposit of major United States money center banks for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity specified in the applicable Floating Interest Rate Notice in an amount that is representative for a single transaction in that market at that time; *provided, however*, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

(2) If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "CMT Rate," the CMT Rate shall mean, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the CMT Rate (a "CMT Rate Interest Determination Date"), the rate displayed on the Designated CMT Telerate Page under the caption "...Treasury Constant Maturities ... Federal Reserve Board Release H.15 ... Mondays Approximately 3:45 P.M.," under the column for the Designated CMT Maturity Index for (i), if the Designated CMT Telerate Page is 7055, the rate

on such CMT Rate Interest Determination Date and (ii) if the Designated CMT Telerate Page is 7052, the weekly or monthly average, as specified in the Floating Interest Rate Notice, for the week or the month, as applicable, ended immediately preceding the week or the month, as applicable, in which the related CMT Rate Interest Determination Date occurs. If such rate is no longer displayed on the relevant page or is not displayed by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Rate Interest Determination Date shall be such treasury constant maturity rate for the Designated CMT Maturity Index as published in H.15(519). If such rate is no longer published or is not published by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate on such CMT Rate Interest Determination Date shall be such treasury constant maturity rate for the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index) for the CMT Rate Interest Determination Date with respect to such Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in H.15(519). If such information is not provided by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate on the CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers (each, a "Reference Dealer") in the City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent after consultation with the Company (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for the most recently issued direct noncallable fixed rate obligations of the United States ("Treasury Notes") with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent is unable to obtain three such Treasury Note quotations, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers in the City of New York (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least U.S. $100 million. If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate shall be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of such quotes shall be eliminated; *provided, however*, that if fewer than three Reference Dealers so selected by the Calculation Agent, after consultation with the Company, are quoting as mentioned herein, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest

Determination Date. If two Treasury Notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the Calculation Agent, after consultation with the Company, shall obtain from five Reference Dealers quotations for the Treasury Note with the shorter remaining term to maturity.

(3) If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "Federal Funds Rate," the Federal Funds Rate shall mean, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the Federal Funds Rate (a "Federal Funds Rate Interest Determination Date"), the rate on such date for United States dollar federal funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not published by 3:00 p.m., New York City time, on the Calculation Date, the rate on such Federal Funds Rate Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If such rate is not published in either H.15(519) or Composite Quotations by 3:00 p.m., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in The City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent after consultation with the Company, prior to 9:00 a.m., New York City time, on such Federal Funds Rate Interest Determination Date; *provided, however*, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date shall be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

(4) If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as "LIBOR," LIBOR shall mean the rate determined by the Calculation Agent as of the applicable Interest Determination Date (a "LIBOR Interest Determination Date") in accordance with the following provisions:

(i) If (a) "LIBOR Reuters" is specified in the applicable Floating Interest Rate Notice, the arithmetic mean of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate will be used) for deposits in the Index Currency having the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page as of 11:00 a.m., London time, on such LIBOR Interest Determination Date, or (b) "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice, or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice as the method for calculating LIBOR, the rate for deposits in the Index Currency having the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on such Interest Reset Date, that appears on the Designated LIBOR Page as of 11:00 a.m., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates appear, or if no such

rate appears, as applicable, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent shall request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, after consultation with the Company, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in such Index Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date shall be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date shall be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center selected by the Calculation Agent, after consultation with the Company, for loans in the Index Currency to leading European banks, having the Index Maturity specified in the applicable Floating Interest Rate Notice and in a principal amount that is representative for a single transaction in such Index Currency in such market at such time; *provided, however,* that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date shall be LIBOR in effect on such LIBOR Interest Determination Date.

(5) If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "Prime Rate," Prime Rate shall mean, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the Prime Rate (a "Prime Rate Interest Determination Date"), the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan." If such rate is not published prior to 3:00 p.m., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen U.S. PRIME 1 Page (as defined below) as such bank's prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen U.S. PRIME 1 Page for such Prime Rate Interest Determination Date, the Prime Rate shall be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by four major money center banks (which may include the Calculation Agent) in the City of New York selected by the Calculation Agent, after consultation with the Company. If fewer than four such quotations are

so provided, the Prime Rate shall be the arithmetic mean of four prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date as furnished in the City of New York by the major money center banks, if any, that have provided such quotations and by as many substitute banks or trust companies (which may include the Calculation Agent) as necessary in order to obtain four such prime rate quotations, *provided* such substitute banks or trust companies are organized and doing business under the laws of the United States, or any State thereof, have total equity capital of at lea t U.S. $500 million and are each subject to supervision or examination by Federal or State authority, selected by the Calculation Agent, after consultation with the Company, to provide such rate or rates; *provided, however*, that if the banks or trust companies so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date shall be the Prime Rate in effect on such Prime Rate Interest Determination Date.

(6) If an Interest Rate Basis for any Note is specified in the applicable Floating Interest Rate Notice as the "Treasury Rate," Treasury Rate shall mean, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the Treasury Rate (a "Treasury Rate Interest Determination Date"), as the rate from the auction held on such Treasury Rate Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified in the applicable Floating Interest Rate Notice, as such rate is published in H.15(519) under the heading "Treasury Bills-auction average (investment)" or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the auction average rate of such Treasury Bills (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the Auction of Treasury Bills having the Index Maturity specified in the applicable Floating Interest Rate Notice are not reported as provided above by 3:00 p.m., New York City time, on such Calculation Date, or if no such Auction is held, then the Treasury Rate shall be calculated by the Calculation Agent, and will be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent, after consultation with the Company, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Floating Interest Rate Notice; *provided, however*, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date shall be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

Section 207. Conversion Between Interest Rate Modes by the Company

The Company may, at its option, convert the Interest Rate Mode of the Notes upon (i) any Interest Rate Adjustment Date, (ii) election of a SPURS Agent to remarket the Notes, subject to the provisions of Section 305 hereof, or (iii) failure of the SPUR Agent to purchase the Notes

on the applicable SPURS Remarketing Date as described in Section 304 hereof, in each case in accordance with the procedures provided for in this Section.

(a) *Conversion Between Commercial Paper Term Periods.* Each Note in a Commercial Paper Term Period may be remarketed into the same Interest Rate Period or converted at the option of the Company to a different Commercial Paper Term Period on any Interest Rate Adjustment Date upon either receipt by the Remarketing Agent and the Trustee of a notice, which will be submitted promptly confirmed in writing (which includes facsimile or appropriate electronic media), from the Company (a "Conversion Notice") prior to 9:30 a.m., New York City time, or the remarketing of such Note, whichever occurs later, on such Interest Rate Adjustment Date.

(b) *Conversion from the Commercial Paper Term Mode to the Long Term Rate Mode or the SPURS Mode.* Each Note in the Commercial Paper Term Mode may be converted at the option of the Company to the Long Term Rate Mode or the SPURS Mode on any Interest Rate Adjustment Date upon receipt not less than ten (10) days prior to such Interest Rate Adjustment Date by the Remarketing Agent and the Trustee of a Conversion Notice from the Company.

(c) *Conversion Between Long Term Rate Periods or from the Long Term Rate Mode or the SPURS Mode to the Commercial Paper Term Mode, Long Term Rate Mode or the SPURS Mode.* Each Note in a Long Term Rate Period may be remarketed in the same Interest Rate Period or converted at the option of the Company to a different Long Term Rate Period or from the Long Term Rate Mode to the Commercial Paper Term Mode or the SPURS Mode, or from the SPURS Mode to a different SPURS Mode or to the Long Term Rate Mode or the Commercial Paper Term Mode, on any Interest Rate Adjustment Date for such Note upon receipt by the Trustee and the Remarketing Agent for such Note of a Conversion Notice from the Company not less than ten (10) days prior to such Interest Rate Adjustment Dates; *provided* that the notice required for conversion from the initial SPURS Mode shall not be required until the latest of the day after the Initial SPURS Agent notifies the Company that it will not purchase the Notes for remarketing, the day the Initial SPURS Agent fails to so purchase the Notes or the day the Company elects to convert the Notes to a new Interest Rate Mode after the Initial SPURS Agent has elected to remarket the Notes.

(d) *Conversion Notice.* Each Conversion Notice must state each Note to which it relates and the new Interest Rate Mode (if applicable), the new Interest Rate Period, the date of the applicable conversion (the "Conversion Date") and, with respect to any Long Term Rate Period, any optional redemption or repayment terms for each such Note.

(e) *Revocation or Change of Conversion Notice or Floating Interest Rate Notice.* The Company may, upon written notice received by the Trustee and the applicable Remarketing Agent, revoke any Conversion Notice or Floating Interest Rate Notice or change the Interest Rate Mode to which such Conversion Notice relates or change any Floating Interest Rate Notice up to 9:30 a.m., New York City time, on the Conversion Date, subject to the limitation set forth in subsection (f) of this Section. If the Company revokes a Conversion Notice or the Trustee and the Remarketing Agent fail to receive a Conversion Notice from the Company by the specified date in advance of the Interest Rate Adjustment Date for a Note, the Note shall be converted automatically to the Weekly Rate Period.

(f) *Limitation on Conversion, Change of Conversion Notice or Floating Interest Rate Notice and Revocation.* Notwithstanding the foregoing subsections (a), (b), (c), (d) and (e), the Company may not, without the consent of the applicable Remarketing Agent, convert any Note or revoke or change any Conversion Notice or Floating Interest Rate Notice at or after the time at which such Remarketing Agent has determined the interest rate, or Spread (if any) and Spread Multiplier (if any), for any Note being remarketed (*i.e.*, the time at which such Note has been successfully remarketed, subject to settlement on the related Interest Rate Adjustment Date). The Remarketing Agent may advise the Company of indicative rates from time to time, or at any time upon the request of the Company, prior to making such determination of the interest rate, Spread or Spread Multiplier, as the case may be.

Section 208. Automatic Tender of Notes on the Interest Rate Adjustment Date

Each Note shall be automatically tendered for purchase, or deemed tendered for purchase, on each Interest Rate Adjustment Date relating thereto. Notes shall be purchased or redeemed on the Interest Rate Adjustment Date relating thereto as described in Section 209 or 210 hereof.

Section 209. Remarketing

(a) *Appointment of Remarketing Agent.* In connection with the conversion by the Company of any Note as set forth in Section 207 hereof, the Company shall enter into a remarketing agreement with a Remarketing Agent on or prior to the remarketing of such Notes, which Remarketing Agent shall be responsible for the remarketing of such Notes. When any Note is tendered under Section 208 hereof to the Remarketing Agent for remarketing, the Remarketing Agent will use its reasonable efforts to remarket such Note on behalf of the Beneficial Owner thereof at a price equal to 100% of the principal amount thereof. The Remarketing Agent may purchase tendered Notes for its own account in a remarketing, but will not be obligated to do so. The Company may offer to purchase Notes in a remarketing, *provided* that the interest rate established with respect to Notes in such remarketing is not different from the interest rate that would have been established if the Company had not purchased such Notes. Any Notes for which the Company shall have given a notice of redemption to the Trustee and the Remarketing Agent will not be considered in a remarketing.

(b) *Remarketing Procedures.* With respect to each Note for which there is to be established an interest rate from time to time by a Remarketing Agent responsible for the remarketing thereof, such interest rate shall be set in accordance with the procedures of paragraphs (i) and (ii) below.

(i) *Determination of Interest Rate.* By 11:00 a.m., New York City time, on the Interest Rate Adjustment Date for any Note, the applicable Remarketing Agent will determine the interest rate for such Note being remarketed to the nearest one hundred thousandth (0.00001) of one percent per annum for the next Interest Rate Period in the case of a fixed interest rate, and the Spread (if any) and Spread Multiplier (if any) in the case of a floating interest rate; *provided,* that between 11:00 a.m., New York City time, and 11:50 a.m., New York City time, the Remarketing Agent and the Standby Remarketing Agent, if any, will use their reasonable efforts to determine the interest rate for any Notes not successfully remarketed as of

the applicable deadline specified in this paragraph. In determining the applicable interest rate for such Note and other terms, such Remarketing Agent will, after taking into account market conditions as reflected in the prevailing yields on fixed and variable rate taxable debt securities, (i) consider the principal amount of all Notes tendered or to be tendered on such date and the principal amount of such Notes prospective purchasers are or may be willing to purchase and (ii) contact, by telephone or otherwise, prospective purchasers and ascertain the interest rates therefor at which they would be willing to hold or purchase such Notes.

(i) *Notification of Results; Settlement.* By 12:30 p.m., New York City time, on the Interest Rate Adjustment Date of any Notes, the applicable Remarketing Agent will notify the Company and the Trustee in writing (which may include facsimile or other electronic transmission), of (i) the interest rate or, in the case of a floating interest rate, the initial interest rate, the Spread and Spread Multiplier and the initial Interest Reset Date, applicable to such Notes for the next Interest Rate Period, (ii) the Interest Rate Adjustment Date, (iii) the Interest Payment Dates for any Notes in the Commercial Paper Term Mode (if other than the Interest Rate Adjustment Date), the Long Term Rate Mode or the SPURS Mode, (iv) the optional redemption terms, if any, and early remarketing terms, if any, in the case of a remarketing into a Long Term Rate Period, (v) the aggregate principal amount of tendered Notes and (vi) the aggregate principal amount of such tendered Notes that such Remarketing Agent was able to remarket, at a price equal to 100% of the principal amount thereof plus accrued interest, if any. Immediately after receiving such notice and, in any case, not later than 1:30 p.m., New York City time, the Trustee will transmit such information and any other settlement information required by the Depositary, to the extent such information has been provided to the Trustee, to the Depositary in accordance with the Depositary's procedures as in effect from time to time.

By telephone at approximately 1:00 p.m., New York City time, on such Interest Rate Adjustment Date, the applicable Remarketing Agent will advise each purchaser of Notes (or the DTC Participant of each such purchaser who it is expected in turn will advise such purchaser) of the principal amount of such Notes that such purchaser is to purchase.

Each purchaser of Notes in a remarketing will be required to give instructions to its DTC Participant to pay the purchase price therefor in same day funds to the applicable Remarketing Agent against delivery of the principal amount of such Notes by book-entry through the Depositary by 3:00 p.m., New York City time, on the Interest Rate Adjustment Date.

All tendered Notes will be automatically delivered to the account of the Trustee (or such other account meeting the requirements of the Depositary's procedures as in effect from time to time), by book-entry through the Depositary against payment of the purchase price or redemption price therefor, on the Interest Rate Adjustment Date relating thereto.

The applicable Remarketing Agent will make, or cause the Trustee to make, payment to the DTC Participant of each tendering Beneficial Owner of Notes subject to a remarketing, by book-entry through the Depositary by the close of business on the Interest Rate Adjustment Date against delivery through the Depositary of such Beneficial Owner's tendered Notes, of the purchase price for tendered Notes that have been sold in the remarketing. If any such Notes were purchased pursuant to a Special Mandatory Purchase, subject to receipt of funds from the

Company or, if applicable, an institution providing credit support, as the case may be, the Trustee will make such payment of the purchase price of such Notes plus accrued interest, if any, to such date.

The transactions described above for a remarketing of any Notes will be executed on the Interest Rate Adjustment Date for such Notes through the Depositary in accordance with the procedures of the Depositary, and the accounts of the respective the DTC Participants will be debited and credited and such Notes delivered by book-entry as necessary to effect the purchases and sales thereof, in each case as determined in the related remarketing.

Except as otherwise set forth in Section 210 hereof, any Notes tendered in a remarketing will be purchased solely out of the proceeds received from purchasers of such Notes in such remarketing, and none of the Trustee, the applicable Remarketing Agent, any Standby Remarketing Agent or the Company will be obligated to provide funds to make payment upon any Beneficial Owner's tender in a remarketing.

Although tendered Notes will be subject to purchase by a Remarketing Agent in a remarketing, such Remarketing Agent and any Standby Remarketing Agent will not be obligated to purchase any such Notes.

The settlement and remarketing procedures described above, including provisions for payment by purchasers of tendered Notes or for payment to selling Beneficial Owners of tendered Notes, may be modified to the extent required by the Depositary. In addition, each Remarketing Agent may, in accordance with the terms of the Indenture, modify the settlement and remarketing procedures set forth above in order to facilitate the settlement and remarketing process.

As long as the Depositary's nominee holds the certificates representing the Notes in the book-entry system of the Depositary, no certificates for such Notes will be delivered by any selling Beneficial Owner to reflect any transfer of Notes effected in any remarketing.

The Trustee shall confirm to the Depositary the interest rate for the following Interest Rate Period in accordance with the Depositary's procedures as in effect from time to time.

The interest rate announced by the applicable Remarketing Agent, absent manifest error, shall be binding and conclusive upon the Beneficial Owners, the Company and the Trustee.

(c) *Failed Remarketing.* Notes not successfully remarketed will be subject to Special Mandatory Purchase by the Company as set forth in Section 210 hereof.

Section 210. Purchase and Redemption of Notes

(a) *Special Mandatory Purchase.* Subject to certain exceptions, if on any Interest Rate Adjustment Date for any Notes, the applicable Remarketing Agent and the applicable Standby Remarketing Agent(s) have not remarketed all such Notes, the Notes that have not been remarketed are subject to Special Mandatory Purchase (a "Special Mandatory Purchase") by the Company. The Company is obligated to pay all accrued and unpaid interest, if any, on

unremarketed Notes to such Interest Rate Adjustment Date. Payment of the principal amount of unremarketed Notes by the Company, and payment of accrued and unpaid interest, if any, by the Company, will be made by deposit of same-day funds with the Trustee (or such other account meeting the requirements of the Depositary's procedures as in effect from time to time) irrevocably in trust for the benefit of the Beneficial Owners of Notes subject to Special Mandatory Purchase by 3:00 p.m., New York City time, on such Interest Rate Adjustment Date.

Failure by the Company to purchase Notes pursuant to a Special Mandatory Purchase will constitute an Event of Default under the Indenture as set forth in Section 401 hereof in which event the date of such failure shall constitute a date of Maturity for such Notes and the principal thereof may be declared due and payable in the manner and with the effect provided in the Indenture. Following such failure to pay pursuant to a Special Mandatory Purchase, such Notes will bear interest at the Special Interest Rate as provided for in Section 205 hereof.

(b) *Optional Redemption on any Interest Rate Adjustment Date.* Each Note will be subject to redemption at the option of the Company in whole or in part on any Interest Rate Adjustment Date relating thereto without notice to the holders thereof at a redemption price equal to 100% of the principal amount thereof.

(c) *Redemption While Notes are in the Long Term Rate Mode.* Any Notes in the Long Term Rate Mode are subject to redemption at the option of the Company at the times and upon the terms specified at the time of conversion to or within such Long Term Rate Mode.

(d) *Allocation.* Except in the case of a Special Mandatory Purchase, if the Notes are to be redeemed in part, the Depositary, after receiving notice of redemption specifying the aggregate principal amount of Notes to be so redeemed, will determine by lot (or otherwise in accordance with the procedures of the Depositary) the principal amount of such Notes to be redeemed from the account of each DTC Participant. After making its determination as described above, the Depositary will give notice of such determination to each DTC Participant from whose account such Notes are to be redeemed. Each such DTC Participant, upon receipt of such notice will in turn determine the principal amount of Notes to be redeemed from the accounts of the Beneficial Owners of such Notes for which it serves as DTC Participant, and give notice of such determination to the Remarketing Agent.

Section 211. Form and Other Terms of the Notes

(a) Attached hereto as Exhibit A is the form of Note, which form is hereby established as the form in which Notes may be issued bearing interest at the Initial Interest Rate or in the Commercial Paper Term Mode, the Long Term Rate Mode or the SPURS Mode. Annex A to Exhibit A is deemed to be a part of such Note and such Annex may be changed upon the mutual agreement of the Company and the Trustee to reflect changes occasioned by remarketings.

(b) Subject to (a) above, any Note may be issued in such other form as may be provided by, or not inconsistent with, the terms of the Original Indenture and this First Supplemental Indenture.

ARTICLE THREE

The SPURS Mode

Section 301. Applicability of Article

The provisions of this Article Three shall apply to any Note in the SPURS Mode. To the extent that any provision of this Article Three conflicts with any provision of Article Two, the provisions set forth in this Article Three shall govern.

Section 302. Initial SPURS Rate Period

The Notes shall be issued initially in a SPURS Mode with respect to which the Company shall have on the Original Issue Date entered into a SPURS Remarketing Agreement. With respect to Notes within a SPURS Rate Period commencing on the Original Issue Date, references in this Article Three to (i) the SPURS Agent and SPURS Remarketing Date shall mean the Initial SPURS Agent and the Initial SPURS Remarketing Date and (ii) the Interest Rate Adjustment Date upon which the SPURS Rate Period commences shall mean the Original Issue Date.

Section 303. Interest to SPURS Remarketing Date

Each Note in the SPURS Mode will bear interest at the annual interest rate established by the SPURS Agent from, and including, the Interest Rate Adjustment Date commencing the Interest Rate Period for the SPURS Mode to, but excluding, the SPURS Remarketing Date. Such interest rate will be the minimum rate of interest and, in the case of a floating interest rate, Spread (if any) and Spread Multiplier (if any) necessary in the judgment of such SPURS Agent to produce a par bid in the secondary market for such Note on the date the interest rate is established. The designated SPURS Remarketing Date shall be an Interest Payment Date within such Interest Rate Period.

Section 304. Tender to and Remarketing by the SPURS Agent

The obligations of the SPUR Agent set forth herein shall be performed under the applicable SPURS Remarketing Agreement.

(a) *Mandatory Tender*. Provided that the SPURS Agent gives notice to the Company and the Trustee on or before the Notification Date of its intention to purchase the Notes for remarketing, each Note will be automatically tendered, or deemed tendered, to the SPURS Agent for remarketing at the SPURS Interest Rate on the SPURS Remarketing Date, except in the circumstances described in subsection (b)(2) and Section 305 below with regard to failure of the SPURS Agent to purchase the Notes. The purchase price for the tendered Notes to be paid by the SPURS Agent will equal 100% of the principal amount thereof. When the Notes are tendered for remarketing, the SPURS Agent may remarket the Notes for its own account at varying prices to be determined by the SPURS Agent at the time of each sale. From and including the SPURS Remarketing Date to, but excluding, the next succeeding Interest Rate Adjustment Date, the Notes will bear interest at the SPURS Interest Rate. If the SPURS Agent elects to remarket the Notes, the obligation of the SPURS Agent to purchase the Notes on the

SPURS Remarketing Date is subject to the conditions set forth in the applicable SPURS Remarketing Agreement.

(b) *Remarketing.* The remarketing of the notes purchased by SPURS Agent under the SPURS Remarketing Agreement shall be carried out in accordance with the following procedures:

(1) *The SPURS Interest Rate.* Subject to the SPURS Agent's election to remarket the Notes as provided in subsection (a) above, the SPURS Interest Rate shall be determined by the SPURS Agent by 3:30 p.m., New York City time, on the third Business Day immediately preceding the SPURS Remarketing Date (the "Determination Date") to the nearest one hundred-thousandth (0.00001) of one percent per annum and will be equal to the Base Rate established by the SPURS Agent, after consultation with the Company, at or prior to the commencement of the SPURS Mode (the "Base Rate"), plus the Applicable Spread, which will be based on the Dollar Price of the Notes.

(2) *Notification of Results; Settlement.* Provided the SPURS Agent has previously notified the Company and the Trustee on the Notification Date of its intention to purchase all tendered Notes on the SPURS Remarketing Date, the SPURS Agent will notify the Company, the Trustee and the Depositary by telephone, confirmed in writing, by 4:00 p.m., New York City time, on the Determination Date, of the SPURS Interest Rate.

All of the tendered Notes will be automatically delivered to the account of the Trustee, by book-entry through the Depositary pending payment of the purchase price therefor, on the SPURS Remarketing Date.

In the event that the SPURS Agent purchases the tendered Notes on the SPURS Remarketing Date, the SPURS Agent will make or cause the Trustee to make payment to the DTC Participant of each tendering Beneficial Owner of Notes, by book-entry through the Depositary by the close of business on the SPURS Remarketing Date against delivery through the Depositary of such Beneficial Owner's tendered Notes. If the SPURS Agent does not purchase all of the Notes on the SPURS Remarketing Date, the Company may attempt to convert the Notes to a new Interest Rate Mode, such interest rate to be determined as provided for in Section 205 hereof, and settlement will be effected as described in this Section 304(b). In any case, the Company will make or cause the Trustee to make payment of interest to each Beneficial Owner of Notes due on the SPURS Remarketing Date by book-entry through the Depositary by the close of business on the SPURS Remarketing Date.

The transactions in this subsection (b)(2) hereof will be executed on the SPURS Remarketing Date through the Depositary in accordance with the procedures of the Depositary, and the accounts of the respective DTC Participants will be debited and credited and the Notes delivered by book-entry as necessary to effect the purchases and sales thereof.

Transactions involving the sale and purchase of Notes remarketed by the SPURS Agent on and after a SPURS Remarketing Date will settle in immediately available funds through the Depositary's Same-Day Funds Settlement System.

The tender and settlement procedures described above, including provisions for payment by purchasers of Notes in the remarketing or for payment to selling Beneficial Owners of tendered Notes, may be modified to the extent required by the Depositary or to the extent required to facilitate the tender and remarketing of Notes in certificated form, if the book-entry system is no longer available for the Notes at the time of the remarketing. In addition, the SPURS Agent may, in accordance with the terms of the Indenture, modify the tender and settlement procedures set forth above in order to facilitate the tender and settlement process.

As long as the Depositary's nominee holds the certificates representing any Notes in the book-entry system of the Depositary, no certificates for such Notes will be delivered by any selling Beneficial Owner to reflect any transfer of such Notes effected in the remarketing.

Section 305. Conversion or Redemption Following Election by the SPURS Agent to Remarket

(a) If the SPURS Agent elects to remarket the Notes on the SPURS Remarketing Date, the Notes will be subject to mandatory tender to the SPURS Agent for remarketing on such date, in each case subject to the conditions set forth in Section 304 hereof, and to the Company's right to either convert the Notes to a new Interest Rate Mode on the SPURS Remarketing Date or to redeem the Notes from the SPURS Agent, in each case as described in the next sentence. The Company will notify the SPURS Agent and the Trustee, not later than the Business Day immediately preceding the Determination Date, if the Company irrevocably elects to exercise its right to either convert the Notes to a new Interest Rate Mode, or to redeem the Notes in whole, but not in part, from the SPURS Agent at the Optional Redemption Price, in each case on the SPURS Remarketing Date.

(b) In the event that the Company irrevocably elects to convert the Notes to a new Interest Rate Mode, then as of the SPURS Remarketing Date the Notes will cease to be in the SPURS Mode, the SPURS Remarketing Date will constitute an Interest Rate Adjustment Date, and the Notes shall be subject to remarketing on such date by a Remarketing Agent appointed in the Commercial Paper Term Mode or the Long Term Rate Mode or a new SPURS Mode established in accordance with the procedures set forth in Section 207 hereof; *provided* that, in such case, the notice period required for conversion shall be the period commencing on the Determination Date. In such case, the Company shall pay to the SPURS Agent the excess of the Dollar Price of the Notes over 100% of the principal amount of the Notes in same-day funds by wire transfer to an account designated by the SPURS Agent on the SPURS Remarketing Date.

(c) In the event that the Company irrevocably elects to redeem the Notes, the "Optional Redemption Price" shall be the greater of either (i) 100% of the principal amount of the Notes or (ii) the Dollar Price, plus in either case accrued and unpaid interest from the SPURS Remarketing Date on the principal amount being redeemed to the date of redemption. If the Company elects to redeem the Notes, it shall pay the redemption price therefor in same-day funds by wire transfer to an account designated by the SPURS Agent on the SPURS Remarketing Date.

(d) If notice has been given as provided in the Indenture and funds for the redemption of any Notes called for redemption shall have been made available on the redemption date referred to in such notice, such Notes shall cease to bear interest on the date fixed for such redemption specified in such notice and the only right of the SPURS Agent from and after the redemption date shall be to receive payment of the Optional Redemption Price upon surrender of such Notes in accordance with such notice.

ARTICLE FOUR

Additional Events of Default with Respect to the Notes

Section 401. Definition

All of the events specified in clauses (1), (2) and (4) through (6) of Section 501(a) of the Original Indenture shall be "Events of Default" with respect to the Notes. In addition, the following event that shall have occurred and be continuing shall be an additional Event of Default with respect to each series of Notes: (7) default in the payment of the purchase price with respect to the Special Mandatory Purchase on the applicable Interest Rate Adjustment Date in accordance with Section 210(a) hereof.

ARTICLE FIVE

Authentication and Delivery of the Notes

Section 501. Authentication and Delivery

As provided in and pursuant to Section 303 of the Original Indenture, each time that the Company delivers Notes to the Trustee or Authenticating Agent for authentication, the Company shall deliver a Supplemental Company Order in the form of Exhibit B to this First Supplemental Indenture for the authentication and delivery of such Notes and the Trustee or such Authenticating Agent shall authenticate and deliver such Notes.

ARTICLE SIX

Supplemental Indentures

Section 601. Effect On Original Indenture

The First Supplemental Indenture is a supplement to the Original Indenture. As supplemented by this First Supplemental Indenture, the Original Indenture is in all respects ratified, approved and confirmed, and the Original Indenture and this First Supplemental Indenture shall together constitute one and the same instrument.

ARTICLE SEVEN

Miscellaneous

Section 701. Counterparts

This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute by one and the same instrument.

Section 702. Recitals

The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 703. Governing Law

This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction that govern the Original Indenture and its construction.

[The balance of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the date and year first written above.

TAMPA ELECTRIC COMPANY

By:_____
Girard F. Anderson
Chairman of the Board and Chief Executive Officer

[Corporate Seal]

THE BANK OF NEW YORK, AS TRUSTEE

By:_____
Name:
Title:

[Corporate Seal]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the date and year first written above.

TAMPA ELECTRIC COMPANY

By:_____
Girard F. Anderson
Chairman of the Board and Chief Executive Officer

[Corporate Seal]

THE BANK OF NEW YORK, AS TRUSTEE

By:_____
Name: N. J. SIGNORELLA
Title: VICE PRESIDENT

[Corporate Seal]

State of District of Columbia)
) SS.:
County of)

On the 28 day of July, 1998 before me personally came Girard F. Anderson, to me known, who, being by me duly sworn, did depose and say that he is Chairman of the Board and Chief Executive Officer of TAMPA ELECTRIC COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name there o by like authority.

James Roberts
Notary Public 10/31/02

State of New York)
) SS.:
County of New York)

On the _____ day of _____ 1998 before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she is _____ of THE BANK OF NEW YORK, one of the corporations described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he/she signed his/her names thereto by like authority.

_____
Notary Public

State of)
) SS.:
County of)

On the _____ day of _____, 1998 before me personally came Girard F. Anderson, to me known, who, being by me duly sworn, did depose and say that he is Chairman of the Board and Chief Executive Officer of TAMPA ELECTRIC COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

_____

Notary Public

State of New York)
) SS.:
County of New York)

On the 28th day of July 1998 before me personally came N. S. SIGNORETTA to me known, who, being by me duly sworn, did depose and say that he/she is VICE PRESIDENT of THE BANK OF NEW YORK, one of the corporations described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he/she signed his/her names thereto by like authority.

Notary Public

WILLIAM J. CASSELS
Notary Public, State of New York
No. 01CA5027729
Qualified In Bronx County
Certificate Filed in New York County
Commission Expires May 16, 2000

EXHIBIT A

FORM OF NOTE

EXHIBIT A

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), *ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL* INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CUSIP NO.: [ ]

TAMPA ELECTRIC COMPANY
Remarketed Note Due 2038
$50,000,000

NO. [ ]

☒ Check this box if the Note is a Global Note.

Applicable if the Note is a Global Note:

This Note is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of Cede & Co., or such other nominee of The Depository Trust Company, a New York corporation, or any successor depositary ("Depositary"), as requested by an authorized representative of the Depositary. This Note is exchangeable for Notes registered in the name of a person other than the Depositary or its nominee only in the limited circumstances described in the Indenture and may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary.

ORIGINAL ISSUE DATE: July 31, 1998

ISSUE PRICE: 100% (as a percentage of principal amount)

STATED MATURITY: July 15, 2038, subject to mandatory tender to the SPURS Agent, if any, as described on the reverse of this Note.

INTEREST RATE: To but excluding July 15, 2001, 5.94% per annum. Thereafter, at the interest rate set forth in Annex A hereto.

INTEREST PAYMENT DATES: January 15 and July 15 of each year, up to but excluding July 15, 2001 and commencing January 15, 1999. From and including July 15, 2001, on the dates described in Annex A hereto.

SPECIFIED CURRENCY: U.S. dollars (if other than U.S. dollars): N/A

AUTHORIZED DENOMINATIONS: N/A (Only applicable if Specified Currency is other than U.S. dollars)

DEPOSITARY: The Depository Trust Company

INITIAL SPURS AGENT: Citibank, N.A., or its assignee or successor

SINKING FUND: N/A

YIELD TO MATURITY: N/A

REDEMPTION, REPURCHASE AND CONVERSION OPTIONS: See reverse of this Note.

REMARKETING PROVISIONS: See reverse of this Note.

THIS NOTE SHALL NOT BE VALID FOR ANY PURPOSE UNLESS PRESENTED TOGETHER WITH AN ANNEX A HERETO (INCLUDING ANY CONTINUATION THEREOF). REFERENCE IS MADE TO ANNEX A FOR CERTAIN TERMS OF THIS NOTE.

TAMPA ELECTRIC COMPANY, a corporation duly organized and existing under the laws of the State of Florida (herein called the "Company," which term includes any successor Corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum set forth in Annex A on the Stated Maturity, upon the presentation and surrender hereof at the principal corporate trust office of The Bank of New York, or its successor in trust (the "Trustee") or such other office as the Trustee has designated in writing, and to pay interest on the unpaid principal balance hereof at a rate per annum (assuming a 360-day year consisting of twelve 30-day months) equal to the Initial Interest Rate set forth in Annex A for the period from the Original Issue Date to, but excluding, July 15, 2001 (the "Initial SPURS Remarketing Date"). If the Initial SPURS Agent (as defined above and set forth in Annex A) elects to purchase this Note on the Initial SPURS Remarketing Date, except in the limited circumstances described on the reverse of this Note, (a) this Note will be subject to mandatory tender to the Initial SPURS Agent at 100% of the aggregate principal amount thereof for remarketing on the Initial SPURS Remarketing Date, on the terms and subject to the conditions described on the reverse of this Note, and (b) will for the period from the Initial SPURS Remarketing Date to, but excluding July 15, 2011, bear interest at the SPURS Interest Rate (as defined on the reverse of this Note). If the Initial SPURS Agent does not purchase this Note on the Initial SPURS Remarketing Date, this Note automatically will be subject to mandatory tender at 100% of the principal amount thereof for redemption on such date by the Company or for remarketing on such date by a Remarketing Agent (as defined on the Reverse of this Note) in a Commercial Paper Term Mode, Long Term Rate Mode or a new SPURS Mode and will bear interest at a rate and for a period set forth in Annex A hereto.

Interest will be payable on the Interest Payment Dates to the Person in whose name this Note is registered at the close of business on the related Record Date as provided below or as set forth in Annex A. In each case, payments shall be made in accordance with the provisions hereof, including any additional terms specified in Annex A, until the principal hereof is paid or duly made available for payment. References herein to "this Note," "hereof," "herein" and comparable terms snall include Annex A.

So long as this Note bears interest in the Commercial Paper Term Mode, interest will be payable on the Interest Rate Adjustment Date which commences the next succeeding Interest Rate Period for this Note and on such other dates (if any) as will be established by the Company and set forth in Annex A upon conversion of this Note to the Commercial Paper Term Mode or upon remarketing of this Note in a new Interest Rate Period in the Commercial Paper Term Mode. So long as this Note bears interest in the Long Term Rate Mode or the SPURS Mode, interest will be payable no less frequently than semiannually on such dates as will be established by the Company and set forth in Annex A upon conversion of this Note to the Long Term Rate Mode or the SPURS Mode (or upon remarketing of this Note in a new Interest Rate Period in the Long Term Rate Mode or the SPURS Mode, as the case may be) in the case of a fixed interest rate, or as set forth below under "INTEREST RATE" in the case of a floating interest

rate and on the Interest Rate Adjustment Date commencing the next succeeding Interest Rate Period. Such interest will be payable to the Holder hereof as of the related Record Date, which, so long as this Note bears interest (i) in the Initial Interest Rate Period, are the dates specified in Annex A; (ii) in the Commercial Paper Term Mode, is the Business Day prior to the related Interest Payment Date; and (iii) in the Long Term Rate Mode or the SPURS Mode, is the fifteenth calendar day (whether or not a Business Day) immediately preceding the related Interest Payment Date. Except as provided below under "FLOATING INTEREST RATES," if any Interest Payment Date would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, and no interest will accrue on such payment for the period from and after such Interest Payment Date to the date of such payment on the next succeeding Business Day. Interest on this Note while bearing interest in the Commercial Paper Term Mode or at a floating interest rate during a Long Term Rate Period or a SPURS Rate Period will be computed on the basis of actual days elapsed over 360; *provided* that, if an applicable Interest Rate Basis is the CMT Rate or Treasury Rate (each as defined below), interest will be computed on the basis of actual days elapsed over the actual number of days in the year. Interest on this Note while bearing interest in the Long Term Rate Mode or the SPURS Mode will be computed on the basis of a year of 360 days consisting of twelve 30-day months. Interest on this Note while bearing interest at the Initial Interest Rate will be computed on the basis of a year of 360 days consisting of twelve 30-day months.

Payment of the principal of (and premium, if any) and any such interest on this Note shall be made in immediately available funds at the office or agency of the Company maintained for that purpose in the City of New York in the State of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and in Annex A hereto, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, TAMPA ELECTRIC COMPANY has caused this instrument to be duly executed.

TAMPA ELECTRIC COMPANY

By:_____
Name:
Title:

Date:_____

[SEAL]

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION
This is one of the series
designated therein referred
to in the within-mentioned
Indenture.

THE BANK OF NEW YORK
as Authenticating Agent for the Trustee

By:_____
Authorized Signatory

Date: _____

(REVERSE OF NOTE)
TAMPA ELECTRIC COMPANY

Remarketed Note Due 2038

This Note is one of a duly authorized issue of securities of the Company (herein called the "Notes"), issued and to be issued under an Indenture dated as of July 1, 1998, as supplemented by the First Supplemental Indenture, dated as of July 15, 1998 (as further amended or supplemented, the "Indenture"), between the Company and The Bank of New York, as trustee (the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the securities of the series designated on the face hereof, limited in aggregate principal amount to $50,000,000.

DEFINITIONS

The following terms, as used herein, have the following meanings unless the context or use clearly indicates another or different meaning or intent:

"Applicable Spread" shall mean the lowest bid indication, expressed as a spread (in the form of a percentage or in basis points) above the Base Rate, obtained by the SPURS Agent on the applicable Determination Date from the bids quoted by up to five Reference Corporate Dealers for the full aggregate outstanding principal amount of the Notes at the Dollar Price, but assuming (i) an issue date equal to the applicable SPURS Remarketing Date, with settlement on such date without accrued interest, (ii) a maturity date equal to the next succeeding Interest Rate Adjustment Date of the Notes, and (iii) a stated annual interest rate, payable semiannually on each Interest Payment Date, equal to the Base Rate plus the spread bid by the applicable Reference Corporate Dealer. If fewer than five Reference Corporate Dealers bid as described above, then the Applicable Spread shall be the lowest of such bid indications obtained as described above. The SPURS Interest Rate announced by the SPURS Agent, absent manifest error, shall be binding and conclusive upon the Beneficial Owners and holders of the Notes, the Company and the Trustee.

"Base Rate" shall mean the interest rate established by the SPURS Agent, after consultation with the Company, as the applicable "base rate" at or prior to the commencement of the SPURS Mode and set forth in Annex A hereto.

"Beneficial Owner" shall mean, if this Note is in book-entry form, the Person who acquires an interest in the Note, which is reflected on the records of Depositary through its participants.

"Business Day" shall mean any day that is not a day on which banking institutions in New York, New York, or the state in which the office of the Trustee at which the Indenture is administered are authorized or obligated by law or executive order to close; *provided, however*, that with respect to Notes in the Long Term Rate Mode or the SPURS Mode as to which LIBOR is an applicable Interest Rate Basis, such day is also a London Business Day (as hereinafter defined). "London Business Day" means (i) if the Index Currency (as hereinafter defined) is other than European Currency Units ("ECU"), any day on which dealings in such Index Currency are transacted in the London interbank market or (ii) if the Index Currency is ECU, any day that does not appear as an ECU non-settlement day on the display designated as "ISDE" on the Reuters Monitor Money Rates Service (or a day so designated by the ECU

Banking Association) or, if ECU non-settlement days do not appear on the page (and are not so designated), is a day on which payments in ECU can be settled in the international banking market.

"Calculation Agent" shall mean, if this Note bears interest at a floating rate, an entity selected by the Company that will determine the interest rate in effect for each Interest Reset Period of this Note subsequent to the initial Interest Reset Date.

"Calculation Date" shall have the meaning set forth under "FLOATING INTEREST RATES" below.

"CD Rate" shall have the meaning set forth under "FLOATING INTEREST RATES" below.

"CMT Rate" shall have the meaning set forth under "FLOATING INTEREST RATES" below.

"Commercial Paper Term Mode" shall mean the Interest Rate Mode in which the interest rate on this Note is reset on a periodic basis that shall not be less than one calendar day nor more than 364 consecutive calendar days and interest is paid as provided for such Interest Rate Mode as set forth herein.

"Commercial Paper Term Period" shall mean the Interest Rate Period for this Note in the Commercial Paper Term Mode that is a period of not less than one nor more than 364 consecutive calendar days, as determined by the Company (as described below under "CONVERSION") or, if not so determined, by the Remarketing Agent for this Note (in its best judgment in order to obtain the lowest interest cost for such Note). Each Commercial Paper Term Period will commence on the Interest Rate Adjustment Date therefor and end on the day preceding the date specified by such Remarketing Agent as the first day of the next Interest Rate Period for this Note. The interest rate for any Commercial Paper Term Period relating to this Note will be determined not later than 11:50 a.m., New York City time, on the Interest Rate Adjustment Date for this Note, which is the first day of each Interest Period for this Note.

"Comparable Treasury Issues" shall mean the United States Treasury security or securities selected by the SPURS Agent as having an actual or interpolated maturity or maturities comparable or applicable to the remaining term to the next succeeding Interest Rate Adjustment Date of this Note when purchased by such SPURS Agent.

"Comparable Treasury Price" shall mean, with respect to a SPURS Remarketing Date, (a) the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) at 11:00 a.m. on the Determination Date, as set forth on Telerate Page 500 (or such other page as may replace Telerate Page 500) or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on such Determination Date, (i) the average of the Reference Treasury Dealer Quotations for such SPURS Remarketing Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the applicable SPURS Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. "Telerate Page 500" shall mean the display designated as "Telerate Page 500" on Dow Jones Markets (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in (a) above as may replace Dow Jones Markets.

"Composite Quotations" shall mean the statistical release entitled "Composite 3:30 P.M. Quotations for United States Government Securities" published by the Federal Reserve Bank of New York or any successor publication.

"Depositary" shall mean The Depository Trust Company or any successor depositary.

"Designated CMT Telerate Page" shall mean the display on the Dow Jones Markets (or any successor service) on the page specified in the applicable Floating Interest Rate Notice (or any other page as may replace such page on such service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519)) for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If no such page is specified in the applicable Floating Interest Rate Notice, the page shall be 7052 for the most recent week.

"Designated CMT Maturity Index" shall mean the original period to maturity of the United States Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the applicable Floating Interest Rate Notice with respect to which the CMT Rate will be calculated. If no such maturity is specified in the applicable Floating Interest Rate Notice, the Designated CMT Maturity Index shall be 2 years.

"Designated LIBOR Page" shall mean (a) if "LIBOR Reuters" is specified in the applicable Floating Interest Rate Notice, the display on the Reuters Monitor Money Rates Service (or any successor service) on the page specified in such Floating Interest Rate Notice (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Index Currency, or (b) if "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice as the method for calculating LIBOR, the display on the Dow Jones Markets (or any successor service) on the page specified in such Floating Interest Rate Notice (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Index Currency.

"Determination Date" shall mean the third Business Day immediately preceding the applicable SPURS Remarketing Date.

"Dollar Price" shall mean the present value determined by the SPURS Agent, as of the applicable SPURS Remarketing Date, of the Remaining Scheduled Payments discounted to such SPURS Remarketing Date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at the Treasury Rate.

"DTC Participant" shall mean an account maintained by an institution with the Depositary through which securities are held by such institution and accounted for by a book-entry registration and transfer system.

"Federal Funds Rate" shall have the meaning set forth under "FLOATING INTEREST RATES" below.

"Floating Interest Rate Notice" shall mean the notice described under "FLOATING INTEREST RATES" below, which is to be provided by the Company to the Trustee and the Remarketing Agent in the event the Company elects to apply a floating interest rate to this Note.

"Floating Rate Maximum Interest Rate" and "Floating Rate Minimum Interest Rate" have the respective meanings specified under "FLOATING INTEREST RATES" below.

"H.15 (519)" shall mean "Statistical Release H.15(519), Selected Interest Rates" published by the Board of Governors of the Federal Reserve System or any successor publication.

"Index Currency" shall mean the currency or composite currency specified in the applicable Floating Interest Rate Notice as to which LIBOR will be calculated. If no such currency or composite

currency is specified in the applicable Floating Interest Rate Notice, the Index Currency will be United States dollars.

"Index Maturity" shall mean the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Bases will be calculated.

"Initial Interest Rate" shall mean the annual rate of interest applicable to this Note during the Initial Interest Rate Period as set forth on Annex A hereto.

"Initial Interest Rate Period" shall mean the period from the Original Issuance Date to, but excluding, the Initial SPURS Remarketing Date.

"Initial SPURS Agent" means the SPURS Agent with the option to purchase this Note on the Initial SPURS Remarketing Date, the identity of which Initial SPURS Agent is set forth in Annex A hereto.

"Initial SPURS Remarketing Date" shall mean the date designated by the Initial SPURS Agent, after consultation with the Company, upon which the Initial SPURS Agent may, if it has so elected, remarket this Note at the SPURS Interest Rate, which date is set forth in Annex A hereto.

"Interest Determination Date" shall have the meaning specified under "FLOATING INTEREST RATES" below.

"Interest Payment Date" shall mean the date on which interest on this Note is paid, which date(s) shall be set forth in Annex A hereto.

"Interest Rate Adjustment Date" shall mean (i) for a particular Interest Rate Period in any Interest Rate Mode, each date, which shall be a Business Day, on which interest and, in the case of a floating interest rate, the Spread (if any) and the Spread Multiplier (if any) on this Note subject thereto commences to accrue at the rate determined and announced by the applicable Remarketing Agent for such Interest Rate Period, and (ii) during the Initial Interest Rate Period, the Original Issue Date.

"Interest Rate Basis" shall mean the interest rate or interest rate formula to be referenced in determining a floating interest rate, as described under "FLOATING INTEREST RATES" below.

"Interest Rate Mode" shall mean the mode in which the interest rate on a Note is being determined, *i.e.*, the Commercial Paper Term Mode, the Long Term Rate Mode or the SPURS Mode.

"Interest Rate Period" shall mean (a) if this Note is in the Commercial Paper Mode or Long Term Rate Mode, the period of time commencing on the Interest Rate Adjustment Date and extending either (i) to, but not including, the immediately succeeding Interest Rate Adjustment Date or (ii), if there is no succeeding Interest Rate Adjustment date, to, but excluding, the Stated Maturity, and during which this Note bears interest at a particular fixed interest rate or floating interest rate; and (b) if this Note is in a SPURS Mode, the SPURS Rate Period.

"Interest Reset Date" and "Interest Reset Period" have the respective meanings specified under "FLOATING INTEREST RATES" below.

"LIBOR" shall have the meaning specified under "FLOATING INTEREST RATES" below.

"Long Term Rate Mode" shall mean the Interest Rate Mode in which the interest rate on this Note is reset in a Long Term Rate Period and interest is paid as provided for such Interest Rate Mode as set forth herein.

"Long Term Rate Period" shall mean any period of more than 364 days and not exceeding the remaining term to the Stated Maturity of this Note.

"Notification Date" shall mean a Business Day not later than five Business Days prior to the applicable SPURS Remarketing Date.

"Optional Redemption" shall mean the redemption of this Note prior to its maturity at the option of the Company as described herein.

"Optional Redemption Price" shall mean, at any given time, the greater of either (i) 100% of the principal amount of this Note or (ii) the Dollar Price plus in either case accrued and unpaid interest from the SPURS Remarketing Date on the principal amount being redeemed to the date of redemption.

"Original Issue Date" shall have the meaning set forth on the face hereof.

"Prime Rate" shall have the meaning specified under "FLOATING INTEREST RATES" below.

"Principal Financial Center" shall mean the capital city of the country issuing the Index Currency, except that with respect to United Stated dollars, Australian dollars, Deutsche marks, Dutch guilders, Italian lire, Swiss francs and ECUs, the Principal Financial Center shall be the City of New York, Sydney, Frankfurt, Amsterdam, Milan, Zurich and Luxembourg, respectively.

"Reference Corporate Dealers" shall mean such Reference Corporate Dealers as shall be appointed by the SPURS Agent after consultation with the Company and each to be set forth in Annex A hereto.

"Reference Treasury Dealers" shall mean such Reference Treasury Dealers as shall be appointed by the SPURS Agent after consultation with the Company and each to be set forth in Annex A hereto.

"Reference Treasury Dealer Quotation" shall mean, with respect to each Reference Treasury Dealer and the SPURS Remarketing Date, the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) quoted in writing to the SPURS Agent by such Reference Treasury Dealer by 3:30 p.m., New York City time, on the Determination Date.

"Remaining Scheduled Payments" shall mean the remaining scheduled payments of the principal thereof and interest thereon, calculated at the Base Rate only, that would be due after the SPURS Remarketing Date to and including the next succeeding Interest Rate Adjustment Date.

"Remarketing Agent" shall mean such agent or agents, including any standby remarketing agent (each a "Standby Remarketing Agent"), as the Company may appoint from time to time for the purpose of remarketing of this Note, as set forth in the remarketing agreement that the Company shall enter into prior to the remarketing of such Notes.

"Reuters Screen U.S. PRIME 1 Page" shall mean the display designated as page "U.S. PRIME 1" on the Reuters Monitor Money Rates Service (or any successor service) on the U.S. PRIME 1 Page (or such other page as may replace the U.S. PRIME 1 Page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

"Special Interest Rate" shall have the meaning set forth below under subsection (d) of "INTEREST RATE."

"Special Mandatory Purchase" shall mean the obligation of the Company to purchase Notes not successfully remarketed by the Remarketing Agent and the applicable Standby Remarketing Agent(s) by 3:00 p.m., New York City time, on any Interest Rate Adjustment Date.

"Spread" shall mean the number of basis points to be added to or subtracted from the related Interest Rate Basis or Bases applicable to an Interest Rate Period for such Note.

"Spread Multiplier" shall mean the percentage of the related Interest Rate Basis or Bases applicable to an Interest Rate Period by which such Interest Rate Basis or Bases will be multiplied to determine the applicable interest rate from time to time for an Interest Rate Period.

"SPURS Agent" shall mean the remarketing agent granted the option under a SPURS Remarketing Agreement to purchase this Note in the SPURS Mode and subsequently remarket the repurchased Note at a SPURS Interest Rate.

"SPURS Interest Rate" shall mean the rate equal to the Base Rate established by a SPURS Agent, after consultation with the Company, at or prior to the commencement of the applicable SPURS Mode, plus the Applicable Spread, which will be based on the Dollar Price.

"SPURS Mode" shall mean the Interest Rate Mode in which this Note shall bear interest and be subject to remarketing as "Structured PUtable Remarketable Securities."

"SPURS Period" shall mean, if this Note is remarketed by the Initial SPURS Agent on the Initial SPURS Remarketing Date, that portion of the SPURS Rate Period commencing on the Initial SPURS Remarketing Date up to, but excluding, the next succeeding Interest Rate Adjustment Date. The SPURS Period is set forth in Annex A hereto.

"SPURS Rate Period" shall mean an Interest Rate Period for this Note if in a SPURS Mode established by the Company as a period of more than 364 days and less than the remaining term to the Stated Maturity of such Note; *provided, however*, that such Interest Rate Period must end on the day prior to an Interest Payment Date for such Note. The SPURS Rate Period shall consist of the period to and excluding the SPURS Remarketing Date and the period from and including the SPURS Remarketing Date to, but excluding, the next succeeding Interest Rate Adjustment Date.

"SPURS Remarketing Agreement" shall mean the agreement by and between the Company and the SPURS Agent dated as of the date commencing the applicable SPURS Rate Period which sets forth the rights and obligations of the Company and the SPURS Agent with respect to the remarketing of Notes in the SPURS Mode.

"SPURS Remarketing Date" shall mean the date designated by the SPURS Agent, after consultation with the Company, upon which the SPURS Agent may elect to remarket this Note at the SPURS Interest Rate.

"Stated Maturity" shall mean July 15, 2038.

"Treasury Bills" shall have the meaning specified under "FLOATING INTEREST RATES" below.

"Treasury Rate" shall have the meaning specified under "FLOATING INTEREST RATES" below.

"Weekly Rate Period" is a Commercial Paper Term Period and will be a period of seven days commencing on any Interest Rate Adjustment Date and ending on the day preceding the first day of the next Interest Rate Period for such Note.

INTEREST RATE

(a) *Initial Interest Rate.* This Note will bear interest at the rate per annum (assuming a 360-day year consisting of twelve 30-day months) during the Initial Interest Rate Period identified as the Initial Interest Rate in Annex A hereto.

(b) *Subsequent Interest Rates.* (i) If the Initial SPURS Agent elects to purchase this Note as described herein, this Note will be subject to mandatory tender to the Initial SPURS Agent on the Initial SPURS Remarketing Date, except in the limited circumstances described herein, and will, for the SPURS Period bear interest at the SPURS Interest Rate as defined herein and which will be set forth in Annex A hereto.

(ii) If the Initial SPURS Agent does not purchase this Note on the Initial SPURS Remarketing Date, this Note automatically will be subject to mandatory tender at 100% of the principal amount thereof for redemption on such date by the Company or for remarketing on such date by a Remarketing Agent in a Commercial Paper Term Mode, a Long Term Rate Mode or a new SPURS Mode and will bear interest at a rate and for a period set forth in Annex A hereto.

(iii) The interest rate and, in the case of a floating interest rate, the Spread (if any) and the Spread Multiplier (if any) for this Note will be announced by the applicable Remarketing Agent on or prior to the Interest Rate Adjustment Date for the next succeeding Interest Rate Period, and will be the minimum interest rate per annum and, in the case of a floating interest rate, the Spread (if any) and the Spread Multiplier (if any) necessary, during the Interest Rate Period commencing on such Interest Rate Adjustment Date, in the judgement of the Remarketing Agent, to produce a par bid in the secondary market for this Note on the date the interest rate is established. Such rate will be effective for the next succeeding Interest Rate Period for this Note commencing on such Interest Rate Adjustment Date.

(c) *Floating Interest Rates.* The provisions governing floating interest rates for this Note appear below under "FLOATING INTEREST RATES."

(d) *Failure of Remarketing Agent or Agents to Announce Interest.* In the event that (i) the applicable Remarketing Agent has been removed or has resigned and no successor has been appointed, or (ii) such Remarketing Agent has failed to announce the appropriate interest rate, Spread (if any) or Spread Multiplier (if any), as the case may be, on the Interest Rate Adjustment Date of this Note for whatever reason, or (iii) the appropriate interest rate, Spread (if any), or Spread Multiplier (if any), as the case may be, or Interest Rate Period cannot be determined for this Note for whatever reason, then the next succeeding Interest Rate Period for this Note will be automatically converted to a Weekly Rate Period, and the rate of interest thereon will be equal to the Federal Funds Rate (the "Special Interest Rate").

(e) *Notice of Interest Rate; Binding Effect.* After any Interest Rate Adjustment Date of this Note, the Remarketing Agent or the SPURS Agent, as the case may be, will notify the Company and the Trustee of the interest rate, Spread (if any) and the Spread Multiplier (if any). Immediately upon receipt of such notice, the Trustee will transmit such information to the Depositary in accordance with the

Depositary's procedures as in effect from time to time and note such rate in Annex A. The Trustee shall confirm to the Depositary the interest rate for the following Interest Rate Period in accordance with the Depositary's procedures as in effect from time to time. Any Beneficial Owner may contact the Trustee or the Remarketing Agent in order to be advised of the interest rate applicable to such Beneficial Owner's Remarketed Notes. No notice of the applicable interest rate will be sent to Beneficial Owners.

The interest rate and other terms announced by the Remarketing Agent, absent manifest error, will be binding and conclusive upon the Beneficial Owners, the Company and the Trustee.

(f) *Conversion.* This Note may be converted at the option of the Company to the Commercial Paper Term Mode, Long Term Rate Mode or SPURS Mode on any Interest Rate Adjustment Date for this Note in accordance with the procedures set forth in the Indenture, and will be subject to mandatory tender by the Beneficial Owner thereof as described herein on such Interest Rate Adjustment Date. The Beneficial Owner of this Note will be deemed to have automatically tendered for purchase such Note on each Interest Rate Adjustment Date upon which such conversion occurs and will not be entitled to further accrual of interest on this Note after such date.

TENDER

This Note will be automatically tendered for purchase, or deemed tendered for purchase, on each Interest Rate Adjustment Date relating hereto. Notes will be purchased on such Interest Rate Adjustment Date in accordance with the procedures set forth in "REMARKETING AND SETTLEMENT" or, as the case may be, "SPURS MODE" below.

REMARKETING AND SETTLEMENT

Interest Rate Adjustment Date; Determination of Interest Rate. By 11:00 a.m., New York City time, on the Interest Rate Adjustment Date for this Note, the applicable Remarketing Agent will determine the interest rate for such Note being remarketed to the nearest one hundred thousandth (0.00001) of one percent per annum for the next Interest Rate Period in the case of a fixed interest rate, and the Spread (if any) and Spread Multiplier (if any) in the case of a floating interest rate; *provided*, that between 11:00 a.m., New York City time, and 11:50 a.m., New York City time, the Remarketing Agent and the Standby Remarketing Agent, if any, will use their reasonable efforts to determine the interest rate for this Note if it is not successfully remarketed as of the applicable deadline specified in this paragraph. In determining the applicable interest rate for this Note and other terms, such Remarketing Agent will, after taking into account market conditions as reflected in the prevailing yields on fixed and variable rate taxable debt securities, (i) consider the principal amount of all Notes tendered or to be tendered on such date and the principal amount of such Notes prospective purchasers are or may be willing to purchase and (ii) contact, by telephone or otherwise, prospective purchasers and ascertain the interest rates therefor at which they would be willing to hold or purchase such Notes.

Notification of Results; Settlement. By 12:30 p.m., New York City time, on the Interest Rate Adjustment Date of this Note, the applicable Remarketing Agent will notify the Company and the Trustee in writing (which may include facsimile or other electronic transmission), of (i) the interest rate or, in the case of a floating interest rate, the initial interest rate, the Spread and Spread Multiplier and the initial Interest Reset Date, applicable to this Note for the next Interest Rate Period, (ii) the Interest Rate Adjustment Date, (iii) the Interest Payment Dates if this Notes is in the Commercial Paper Term Mode (if other than the Interest Rate Adjustment Date), the Long Term Rate Mode or the SPURS Mode, (iv) the optional redemption terms, if any, and early remarketing terms, if any, in the case of a remarketing into a Long Term Rate Period, (v) the aggregate principal amount of all tendered Notes and (vi) the aggregate principal amount of such tendered Notes that such Remarketing Agent was able to remarket, at

a price equal to 100% of the principal amount thereof plus accrued interest, if any. Immediately after receiving such notice and, in any case, not later than 1:30 p.m., New York City time, the Trustee will transmit such information and any other settlement information required by the Depositary to the Depositary in accordance with the Depositary's procedures as in effect from time to time.

By telephone at approximately 1:00 p.m., New York City time, on such Interest Rate Adjustment Date, the applicable Remarketing Agent will advise each purchaser of this Note (or the DTC Participant of each such purchaser who it is expected in turn will advise such purchaser) of the principal amount of such Notes that such purchaser is to purchase.

Each purchaser of this Note in a remarketing will be required to give instructions to its DTC Participant to pay the purchase price therefor in same day funds to the applicable Remarketing Agent against delivery of the principal amount of this Note by book-entry through the Depositary by 3:00 p.m., New York City time, on the Interest Rate Adjustment Date.

When tendered, or deemed tendered, this Note will be automatically delivered to the account of the Trustee (or such other account meeting the requirements of the Depositary's procedures as in effect from time to time), by book-entry through the Depositary against payment of the purchase price or redemption price therefor, on the Interest Rate Adjustment Date relating thereto.

The applicable Remarketing Agent will make, or cause the Trustee to make, payment to the DTC participant of each tendering Beneficial Owner of Notes subject to a remarketing, by book-entry through the Depositary by the close of business on the Interest Rate Adjustment Date against delivery through the Depositary of such Beneficial Owner's tendered Notes, of the purchase price for tendered Notes that have been sold in the remarketing. If this Note was purchased pursuant to a Special Mandatory Purchase, subject to receipt of funds from the Company or, if applicable, an institution providing credit support, as the case may be, the Trustee will make such payment of the purchase price of this Notes plus accrued interest, if any, to such date.

The transactions described above for a remarketing of this Note will be executed on the Interest Rate Adjustment Date for this Note through the Depositary in accordance with the procedures of the Depositary, and the accounts of the respective DTC Participants will be debited and credited and such Notes delivered by book-entry as necessary to effect the purchases and sales thereof, in each case as determined in the related remarketing.

Except as otherwise set forth below, this Note when tendered in a remarketing will be purchased solely out of the proceeds received from purchasers of this Note in such remarketing, and none of the Trustee, the applicable Remarketing Agent, any Standby Remarketing Agent or the Company will be obligated to provide funds to make payment upon any Beneficial Owner's tender in a remarketing.

Although tendered Notes will be subject to purchase by a Remarketing Agent in a remarketing, such Remarketing Agent and any Standby Remarketing Agent will not be obligated to purchase any such Notes.

The settlement and remarketing procedures described above, including provisions for payment by purchasers of tendered Notes or for payment to selling Beneficial Owners of tendered Notes, may be modified to the extent required by the Depositary. In addition, each Remarketing Agent may, in accordance with the terms of the Indenture, modify the settlement and remarketing procedures set forth above in order to facilitate the settlement and remarketing process.

As long as the Depositary's nominee holds the certificates representing this Note in the book-entry system of the Depositary, no certificates for this Note will be delivered by any selling Beneficial Owner to reflect any transfer of Notes effected in any remarketing.

Failed Remarketing. If on any Interest Rate Adjustment Date for this Note the applicable Remarketing Agent and applicable Standby Remarketing Agent(s) have not successfully remarketed this Note, it will be subject to Special Mandatory Purchase by the Company, as described under "REDEMPTION AND ACCELERATION – Special Mandatory Purchase" below.

TRANSFER OR EXCHANGE

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registerable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of (and premium, if any) and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons and, except for such Notes issued in book-entry form, only in denominations of $100,000 and any integral multiple of $1,000. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company or the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

REDEMPTION AND ACCELERATION

Special Mandatory Purchase. Subject to certain exceptions, if on any Interest Rate Adjustment Date for this Note, the applicable Remarketing Agent and applicable Standby Remarketing Agent(s) have not remarketed all the Notes, Notes that have not been remarketed are subject to Special Mandatory Purchase by the Company. The Company shall be obligated to pay all accrued and unpaid interest, if any, on unremarketed Notes to such Interest Rate Adjustment Date. Payment of the principal amount of unremarketed Notes by the Company, and payment of accrued and unpaid interest, if any, by the Company, will be made by deposit of same-day funds with the Trustee (or such other account meeting the requirements of the Depositary's procedures as in effect from time to time) irrevocably in trust for the benefit of the Beneficial Owners of Notes subject to Special Mandatory Purchase by 3:00 p.m., New York City time, on such Interest Rate Adjustment Date.

Failure by the Company to purchase this Note pursuant to a Special Mandatory Purchase will constitute an Event of Default under the Indenture in which event the date of such failure shall constitute a date of Maturity for this Note and the principal thereof may be declared due and payable in the manner

and with the effect provided in the Indenture. Following such failure to pay pursuant to a Special Mandatory Purchase, this Note will bear interest at the Special Interest Rate as provided above "INTEREST RATE."

Optional Redemption on any Interest Rate Adjustment Date. This Note is subject to redemption at the option of the Company in whole or in part on any Interest Rate Adjustment Date relating thereto without notice to the holders thereof at a redemption price equal to 100% of the principal amount set forth in Annex A hereto.

Redemption While This Note is in the Long Term Rate Mode. If this Note is in the Long Term Rate Mode, it is subject to redemption at the option of the Company at the times and upon the terms specified at the time of conversion to or within such Long Term Rate Mode as set forth in Annex A hereto.

Notice of redemption shall be given by mail to the registered owner of this Note, not less than 30 nor more than 60 days prior to the Redemption Date, all as provided in the Indenture. The Company shall not be required to (a) issue, register the transfer of or exchange Notes of this series during a period beginning at the opening of business 15 days before the day of the mailing of the relevant notice of redemption and ending at the close of business on the day of such mailing or (b) register the transfer of or exchange any Notes selected for redemption, in whole or in part, except the unredeemed portion of any Note being redeemed in part.

In the event of redemption of this Note in part only, a new Note or Notes of this series, of like tenor, for the unredeemed portion hereof will be issued in the name of the registered owner hereof upon the cancellation hereof.

Allocation. Except in the case of a Special Mandatory Purchase, if this Note is to be redeemed in part, the Depositary, after receiving notice of redemption specifying the aggregate principal amount of this Note to be so redeemed, will determine by lot (or otherwise in accordance with the procedures of the Depositary) the principal amount this Note to be redeemed from the account of each DTC Participant. After making its determination as described above, the Depositary will give notice of such determination to each DTC Participant from whose account this Notes is to be redeemed. Each such DTC Participant, upon receipt of such notice will in turn determine the principal amount of this Note to be redeemed from the accounts of the Beneficial Owners of this Note for which it serves as DTC Participant, and give notice of such determination to the Remarketing Agent.

Acceleration. If any Event of Default with respect to the Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

SPURS MODE

Notwithstanding anything herein to the contrary, the provisions of this section shall apply to this Note when it is in a SPURS Mode and shall supersede any conflicting provisions of general applicability contained elsewhere herein, during the period from, and including, the commencement of a SPURS Rate Period to, but excluding, the next succeeding Interest Rate Adjustment Date (or, if the SPURS Agent does not elect to purchase this Note on the applicable SPURS Remarketing Date designated for such SPURS Mode or if after electing to so purchase this Note the SPURS Agent fails to so purchase this Note for any reason, to the SPURS Remarketing Date). During the period in which this Note is in a SPURS Mode, this Note shall bear interest and be subject to remarketing by the applicable SPURS Agent designated by the Company as described herein and identified in Annex A hereto.

With respect to this Note in the SPURS Rate Period commencing on the Original Issue Date, references herein to (i) the SPURS Agent and SPURS Remarketing Date shall mean the Initial SPURS Agent and the Initial SPURS Remarketing Date and (ii) the Interest Rate Adjustment Date on which the SPURS Rate Period commences shall mean the Original Issue Date.

(a) *Interest to SPURS Remarketing Date.* The Interest Rate Period for this Note in the SPURS Mode will be established by the Company (as described under "INTEREST RATE" above) as a period of more than 364 days and not exceeding the remaining term to the Stated Maturity of this Note; *provided, however*, that such Interest Rate Period must end on the day prior to an Interest Payment Date for this Note. A SPURS Rate Period shall consist of the period to and excluding the SPURS Remarketing Date and the period from and including the SPURS Remarketing Date to but excluding the next succeeding Interest Rate Adjustment Date (set forth in Annex A hereto), or, if the Remarketing Agent does not purchase the Notes thereon, the Interest Rate Adjustment Date. The interest rate and, in the case of a floating interest rate, the Spread (if any), and the Spread Multiplier (if any), to the SPURS Remarketing Date for this Note if it is in the SPURS Mode will be determined not later than 11:50 a.m., New York City time, on the Interest Rate Adjustment Date of this Note, which for the SPURS Mode is the first day of each Interest Rate Period for this Note. Such interest rate will be the minimum rate of interest and, in the case of a floating interest rate, Spread (if any) and Spread Multiplier (if any) necessary in the judgment of such SPURS Agent to produce a par bid in the secondary market for this Note on the date the interest is established. The designated SPURS Remarketing Date shall be an Interest Payment Date within such Interest Rate Period.

(b) *Mandatory Tender.* Provided that the SPURS Agent gives notice to the Company and the Trustee on or before the Notification Date of its intention to purchase the Notes for remarketing, this Note will be automatically tendered to such SPURS Agent for purchase on the applicable SPURS Remarketing Date, except in the circumstances described under "Conversion or Redemption" below. The purchase price for the tendered Notes to be paid by the SPURS Agent will be equal to 100% of the aggregate principal amount thereof. When this Note is tendered to the SPURS Agent for remarketing, the SPURS Agent may remarket the Note for its own account at varying prices to be determined by the SPURS Agent at the time of each sale. If the SPURS Agent elects to remarket the Note, the obligation of the SPURS Agent to purchase the Note on the SPURS Remarketing Date is subject to certain condition including no material adverse change in the condition of the Company and its subsidiaries, considered as one enterprise, shall have occurred and that no Event of Default (as defined in the Indenture), or any event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, with respect to this Note shall have occurred and be continuing.

(c) *Remarketing; SPURS Interest Rate.* The SPURS Interest Rate will be determined by the SPURS Agent by 3:30 p.m., New York City time, on the Determination Date to the nearest one hundred-thousandth (0.00001) of one percent per annum, and will be equal to the sum of the Base Rate and the Applicable Spread, which will be based on the Dollar Price of the Notes as of the SPURS Remarketing Date.

(d) *Notification of Results; Settlement.* Provided the SPURS Agent has previously notified the Company and the Trustee on the Notification Date of its intention to purchase all tendered Notes on the SPURS Remarketing Date, the SPURS Agent will notify the Company, the Trustee and the Depositary by telephone, confirmed in writing, by 4:00 p.m., New York City time, on the Determination Date, of the SPURS Interest Rate.

If the SPURS Agent does not elect to purchase this Note for remarketing on the SPURS Remarketing Date or if the SPURS Agent gives notice of its election to remarket this Note but for any reason does not purchase all tendered Notes on the SPURS Remarketing Date, then this Note will be

subject to remarketing on such date by a Remarketing Agent appointed by the Company in the Commercial Paper Term Mode or the Long Term Rate Mode or a new SPURS Mode established by the Company; *provided* that, in such case, the notice period required for conversion shall be the lesser of ten (10) days and the period commencing the date that the SPURS Agent notifies the Company that it will not purchase the Notes for remarketing on the SPURS Remarketing Date or fails to so purchase, as the case may be.

The tendered Note will be automatically delivered to the account of the Trustee, by book-entry through the Depositary pending payment of the purchase price therefor, on the applicable SPURS Remarketing Date.

The SPURS Agent will make or cause the Trustee to make payment to the Participant of each tendering Beneficial Owner of Notes, by book-entry through the Depositary by the close of business on the SPURS Remarketing Date against delivery through the Depositary by the close of business on the SPURS Remarketing Date of such Beneficial Owner's tendered Notes.

The transactions described above will be executed on the SPURS Remarketing Date through the Depositary in accordance with the procedures of the Depositary, and the accounts of the respective DTC Participants will be debited and credited and the Notes delivered by book-entry as necessary to effect the purchases and sales thereof.

Transactions involving the sale and purchase of the Notes remarketed by a SPURS Agent on or after a SPURS Remarketing Date will settle in immediately available funds through the Depositary's Same-Day Funds Settlement System.

The tender and settlement procedures described above, including provisions for payment by purchasers of Notes in the remarketing or for payment to selling Beneficial Owners of tendered Notes, may be modified, notwithstanding any contrary terms of the Indenture, to the extent required by the Depositary or, if the book-entry system is no longer available this Note at the time of the remarketing, to the extent required to facilitate the tendering and remarketing of this Note in certificated form. In addition, the SPURS Agent may, notwithstanding any contrary terms of the Indenture, modify the settlement procedures set forth above in order to facilitate the settlement process.

As long as the Depositary's nominee holds the certificates representing any Notes in the book-entry system of the Depositary, no certificates for this Note will be delivered by any selling Beneficial Owner to reflect any transfer of such Notes effected in the remarketing. In addition, under the terms of this Note, the Company has agreed that, notwithstanding any provision to the contrary set forth in the Indenture, (a) it will use reasonable commercial efforts to maintain this Note in book-entry form with the Depositary or any successor thereto and to appoint a successor depositary to the extent necessary to maintain this Note in book-entry form and (b) it will waive any discretionary right it otherwise has under the Indenture to cause this Note to be issued in certificated form.

(e) *Conversion or Redemption.* If the SPURS Agent elects to remarket the Notes on the SPURS Remarketing Date, this Note will be subject to mandatory tender to the SPURS Agent for remarketing on such date, subject to the Company's right to convert the Note to a new Interest Rate Mode or to redeem the Note from the SPURS Agent, in each case as described in the next sentence. The Company will notify the SPURS Agent and the Trustee not later than the Business Day immediately preceding the Determination Date if the Company irrevocably elects to exercise its right to either convert the Note to a new Interest Rate Mode or to redeem the Note from the SPURS Agent at the Optional Redemption Price, in each case, on the applicable SPURS Remarketing Date.

In the event that the Company irrevocably elects to convert the Note to a new Interest Rate Mode, then as of the SPURS Remarketing Date, this Note will be subject to remarketing on such date by a Remarketing Agent appointed by the Company in a new SPURS Mode, a Long Term Rate Mode or a Commercial Paper Term Mode established by the Company in accordance with the procedures set forth herein; *provided* that, in such case, the notice required for conversion shall be given no later than the Initial Determination Date. In such case, the Company shall pay to the Initial SPURS Agent the excess of the Dollar Price of the Notes over 100% of the principal amount of the Notes in same-day funds by wire transfer to an account designated by the Initial SPURS Agent.

In the event that the Company irrevocably elects to redeem this Note from the SPURS Agent, it shall pay such SPURS Agent the Optional Redemption Price in same-day funds by wire transfer to an account designated by the SPURS Agent on the SPURS Remarketing Date.

If notice has been given as provided in the Indenture and funds for the redemption of this Note called for redemption shall have been made available on the redemption date referred to in such notice, this Note shall cease to bear interest on the date fixed for such redemption specified in such notice and the only right of the SPURS Agent from and after the redemption date shall be to receive payment of the Optional Redemption Price upon surrender of this Note in accordance with such notice.

FLOATING INTEREST RATES

While this Note bears interest in the Long Term Rate Mode or the SPURS Mode (with respect to the period from, and including, the Interest Rate Adjustment Date commencing such period to, but excluding, the SPURS Remarketing Date), the Company may elect a floating interest rate by providing a notice, which will be submitted or promptly confirmed in writing (which includes facsimile or appropriate electronic media), received by the Trustee and the Remarketing Agent (a "Floating Interest Rate Notice") for such Note not less than ten (10) days prior to the Interest Rate Adjustment Date for such Long Term Rate Period or SPURS Rate Period. The Floating Interest Rate Notice must identify by CUSIP number or otherwise the portion of the Note to which it relates and state the Interest Rate Period (or portion thereof, in the case of the SPURS Mode) therefor to which it relates. Each Floating Interest Rate Notice must also state the Interest Rate Basis or Bases, the initial Interest Reset Date, the Interest Reset Period and Interest Reset Dates, the Interest Rate Period and Interest Payment Dates, the Index Maturity and the Floating Rate Maximum Interest Rate and/or Floating Rate Minimum Interest Rate, if any. If one or more of the applicable Interest Rate Bases is LIBOR or the CMT Rate, the Floating Interest Rate Notice will also specify the Index Currency and Designated LIBOR Page or the Designated CMT Maturity Index and Designated CMT Telerate Page, respectively.

If this Note bears interest at a floating rate in a Long Term Rate Period or SPURS Rate Period, such Note will bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any, specified by the Remarketing Agent, in the case of a Long Term Rate Period, or the SPURS Agent, in the case of a SPURS Rate Period. Commencing on the Interest Rate Adjustment Date for such Interest Rate Period, the rate at which interest on such Note will be payable will be reset as of each Interest Reset Date during such Interest Rate Period specified in the applicable Floating Interest Rate Notice.

The applicable floating interest rate on this Note during any Interest Rate Period will be determined by reference to the applicable Interest Rate Basis or Interest Rate Bases, which may include (i) the CD Rate, (ii) the CMT Rate, (iii) the Federal Funds Rate, (iv) LIBOR, (v) the Prime Rate, (vi) the Treasury Rate or (vii) such other Interest Rate Basis or interest rate formula as may be specified in the applicable Floating Interest Rate Notice (each, an "Interest Rate Basis").

Unless otherwise specified in the applicable Floating Interest Rate Notice, the interest rate with respect to each Interest Rate Basis will be determined in accordance with the applicable provisions below. Except as set forth above or in the applicable Floating Interest Rate Notice, the interest rate in effect on each day will be (i) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding such Interest Reset Date or (ii), if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date. If any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date will be postponed to the next succeeding Business Day, unless LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, in which case such Interest Reset Date will be the immediately preceding Business Day. In addition, if the Treasury Rate is an applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day.

The applicable Floating Interest Rate Notice will specify whether the rate of interest will be reset daily, weekly, monthly, quarterly, semiannually or annually or on such other specified basis (each, an "Interest Reset Period") and the dates on which such rate of interest will be reset (each, an "Interest Reset Date"). Unless otherwise specified in the applicable Floating Interest Rate Notice, the Interest Reset Dates will be, in the case of a floating interest rate which resets: (i) daily, each Business Day; (ii) weekly, the Wednesday of each week (unless the Treasury Rate is an applicable Interest Rate Basis, in which case the Tuesday of each week except as described below); (iii) monthly, the third Wednesday of each month; (iv) quarterly, the third Wednesday of March, June, September and December of each year, (v) semiannually, the third Wednesday of the two months specified in the applicable Floating Interest Rate Notice; and (vi) annually, the third Wednesday of the month specified in the applicable Floating Interest Rate Notice.

The interest rate applicable to each Interest Reset Period commencing on the related Interest Reset Date will be the rate determined as of the applicable Interest Determination Date. The "Interest Determination Date" with respect to the CD Rate, the CMT Rate, the Federal Funds Rate and the Prime Rate will be the second Business Day immediately preceding the applicable Interest Reset Date; and the "Interest Determination Date" with respect to LIBOR will be the second London Business Day immediately preceding the applicable Interest Reset Date, unless the Index Currency is British pounds sterling, in which case the "Interest Determination Date" will be the applicable Interest Reset Date. The "Interest Determination Date" with respect to the Treasury Rate will be the day within the week in which the applicable Interest Reset Date falls upon which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at an auction held on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); *provided, however,* that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the "Interest Determination Date" will be such preceding Friday. If the interest rate of this Note is a floating interest rate determined with reference to two or more Interest Rate Bases specified in the applicable Floating Interest Rate Notice, the "Interest Determination Date" pertaining to this Note will be the most recent Business Day which is at least two Business Days prior to the applicable Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis will be determined as of such date and the applicable interest rate will take effect on the related Interest Reset Date.

Either or both of the following may also apply to the floating interest rate on this Note for an Interest Rate Period: (i) a floating rate maximum interest rate, or ceiling, that may accrue during any Interest Reset Period (the "Floating Rate Maximum Interest Rate") and (ii) a floating rate minimum interest rate, or floor, that may accrue during any Interest Reset Period (the "Floating Rate Minimum Interest Rate"). In addition to any Floating Rate Maximum Interest Rate that may apply, the interest rate

on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States laws of general application.

Except as provided below or in the applicable Floating Interest Rate Notice, interest will be payable, in the case of floating interest rates which reset: (i) daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year, as specified in the applicable Floating Interest Rate Notice; (ii) quarterly, on the third Wednesday of March, June, September and December of each year; (iii) semiannually, on the third Wednesday of the two months of each year specified in the applicable Floating Interest Rate Notice; and (iv) annually, on the third Wednesday of the month of each year specified in the applicable Floating Interest Rate Notice and, in each case, on the Business Day immediately following the applicable Long Term Rate Period or SPURS Rate Period, as the case may be. If any Interest Payment Date for the payment of interest at a floating rate (other than following the end of the applicable Long Term Rate Period or SPURS Rate Period, as the case may be) would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, except that if LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day.

All percentages resulting from any calculation of floating interest rates will be rounded to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all amounts used in or resulting from such calculation will be rounded, in the case of United States dollars, to the nearest cent or, in the case of a foreign currency or composite currency, to the nearest unit (with one-half cent or unit being rounded upwards).

Accrued floating rate interest will be calculated by multiplying the principal amount of the this Note by an accrued interest factor. Such accrued interest factor will be computed by adding the interest factor calculated for each day in the applicable Interest Reset Period. Unless otherwise specified in the applicable Floating Interest Rate Notice, the interest factor for each such day will be computed by dividing the interest rate applicable to such day by 360, if an applicable Interest Rate Basis is the CD Rate, the Federal Funds Rate, LIBOR or the Prime Rate, or by the actual number of days in the year if an applicable Interest Rate Basis is the CMT Rate or the Treasury Rate. Unless otherwise specified in the applicable Floating Interest Rate Notice, if the floating interest rate is calculated with reference to two or more Interest Rate Bases, the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied as specified in the applicable Floating Interest Rate Notice.

If this Note bears interest at a floating rate, the applicable Remarketing Dealer will determine the interest rate in effect from the Interest Rate Adjustment Date for this Note to the initial Interest Reset Date. A calculation agent selected by the Company (a "Calculation Agent") will determine the interest rate in effect for each Interest Reset Period thereafter. Upon request of the Beneficial Owner of this Note, after any Interest Rate Adjustment Date, the Calculation Agent or the Remarketing Dealer will disclose the interest rate and, in the case of a floating interest rate, Interest Rate Basis or Bases, Spread (if any) and Spread Multiplier (if any), and in each case the other terms applicable to this Note then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next succeeding Interest Reset Date with respect to this Note. Except as described herein if this Note is earning interest at floating rates, no notice of the applicable interest rate, Spread (if any) or Spread Multiplier (if any) will be sent to the Beneficial Owner of this Note.

Unless otherwise specified in the applicable Floating Interest Rate Notice, the "Calculation Date," if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth

calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity, as the case may be.

CD Rate. If an Interest Rate Basis for this Note is specified in the applicable Floating Interest Rate Notice as the "CD Rate," the CD Rate shall mean, with respect to any Interest Determination Date relating to this Note for which the interest rate is determined with reference to the CD Rate (a "CD Rate Interest Determination Date"), the rate on such date for negotiable United States dollar certificates of deposit having the Index Maturity specified in the applicable Floating Interest Rate Notice as published in H.15(519) under the heading "CDs (Secondary Market)," or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable United States dollar certificates of deposit of the Index Maturity specified in the applicable Floating Interest Rate Notice as published in Composite Quotations under the heading "Certificates of Deposit." If such rate is not yet published in either H.15(519) or Composite Quotations by 3:00 p.m., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable United States dollar certificates of deposit in the City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent, after consultation with the Company, for negotiable United States dollars certificates of deposit of major United States money center banks for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity specified in the applicable Floating Interest Rate Notice in an amount that is representative for a single transaction in that market at that time; *provided, however,* that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

CMT Rate. If an Interest Rate Basis for this Note is specified in the applicable Floating Interest Rate Notice as the "CMT Rate," the CMT Rate shall mean, with respect to any Interest Determination Date relating to this Note for which the interest rate is determined with reference to the CMT Rate (a "CMT Rate Interest Determination Date"), the rate displayed on the Designated CMT Telerate Page (as defined below) under the caption "...Treasury Constant Maturities ... Federal Reserve Board Release H.15 ... Mondays Approximately 3:45 P.M.," under the column for the Designated CMT Maturity Index (as defined below) for (i) if the Designated CMT Telerate Page is 7055, the rate on such CMT Rate Interest Determination Date and (ii) if the Designated CMT Telerate Page is 7052, the weekly or monthly average, as specified in the Floating Interest Rate Notice, for the week or the month, as applicable, ended immediately preceding the week or the month, as applicable, in which the related CMT Rate Interest Determination Date occurs. If such rate is no longer displayed on the relevant page or is not displayed by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index as published in H.15(519). If such rate is no longer published or is not published by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate on such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index) for the CMT Rate Interest Determination Date with respect to such Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in H.15(519). If such information is not provided by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate on the CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of

approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers (each, a "Reference Dealer") in the City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent after consultation with the Company (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for the most recently issued direct noncallable fixed rate obligations of the United States ("Treasury Notes") with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent is unable to obtain three such Treasury Note quotations, the CMT Rate on such CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers in the City of New York (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least U.S. $100 million. If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate will be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of such quotes will be eliminated; *provided, however,* that if fewer than three Reference Dealers so selected by the Calculation Agent, after consultation with the Company, are quoting as mentioned herein, the CMT Rate determined as of such CMT Rate Interest Determination Date will be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two Treasury Notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the Calculation Agent, after consultation with the Company, will obtain from five Reference Dealers quotations for the Treasury Note with the shorter remaining term to maturity.

Federal Funds Rate. If an Interest Rate Basis for this Note is specified in the applicable Floating Interest Rate Notice, as the "Federal Funds Rate", the Federal Funds Rate means, with respect to any Interest Determination Date relating to this Note for which the interest rate is determined with reference to the Federal Funds Rate (a "Federal Funds Rate Interest Determination Date"), the rate on such date for United States dollar federal funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not published by 3:00 p.m., New York City time, on the Calculation Date, the rate on such Federal Funds Rate Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If such rate is not published in either H.15(519) or Composite Quotations by 3:00 p.m., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in the City of New York (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent after consultation with the Company, prior to 9:00 a.m., New York City time, on such Federal Funds Rate Interest Determination Date; *provided, however,* that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. If an Interest Rate Basis for this Note is specified in the applicable Floating Interest Rate Notice as "LIBOR," LIBOR shall mean the rate determined by the Calculation Agent as of the

applicable Interest Determination Date (a "LIBOR Interest Determination Date") in accordance with the following provisions:

(i) If (a) "LIBOR Reuters" is specified in the applicable Floating Interest Rate Notice, the arithmetic mean of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate will be used) for deposits in the Index Currency having the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page as of 11:00 a.m., London time, on such LIBOR Interest Determination Date, or (b) "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice, or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable Floating Interest Rate Notice as the method for calculating LIBOR, the rate for deposits in the Index Currency having the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on such Interest Reset Date, that appears on the Designated LIBOR Page as of 11:00 a.m., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates appear, or if no such rate appears, as applicable, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause(i) above, the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, after consultation with the Company, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity specified in the applicable Floating Interest Rate Notice, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in such Index Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center selected by the Calculation Agent, after consultation with the Company, for loans in the Index Currency to leading European banks, having the Index Maturity specified in the applicable Floating Interest Rate Notice and in a principal amount that is representative for a single transaction in such Index Currency in such market at such time; *provided, however*, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

Prime Rate. If an Interest Rate Basis for this Note is specified in the applicable Floating Interest Rate Notice as the "Prime Rate," Prime Rate shall mean, with respect to any Interest Determination Date relating to this Note for which the interest rate is determined with reference to the Prime Rate (a "Prime Rate Interest Determination Date"), the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan." If such rate is not published prior to 3:00 p.m., New York City time, on the related Calculation Date, then the Prime Rate will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen U.S. PRIME 1 Page as such bank's prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen U.S. PRIME 1 Page for such Prime Rate Interest Determination

Date, the Prime Rate will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by four major money center banks (which may include the Calculation Agent) in the City of New York selected by the Calculation Agent, after consultation with the Company. If fewer than four such quotations are so provided, the Prime Rate will be the arithmetic mean of four prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date as furnished in the City of New York by the major money center banks, if any, that have provided such quotations and by as many substitute banks or trust companies (which may include the Calculation Agent) as necessary in order to obtain four such prime rate quotations, provided such substitute banks or trust companies are organized and doing business under the laws of the United States, or any State thereof, have total equity capital of at least U.S. $500 million and are each subject to supervision or examination by Federal or State authority, selected by the Calculation Agent, after consultation with the Company, to provide such rate or rates; *provided, however,* that if the banks or trust companies so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

Treasury Rate. If an Interest Rate Basis for this Note is specified in the applicable Floating Interest Rate Notice as the "Treasury Rate," Treasury Rate means, with respect to any Interest Determination Date relating to this Note for which the interest rate is determined with reference to the Treasury Rate (a "Treasury Rate Interest Determination Date"), as the rate from the auction held on such Treasury Rate Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified in the applicable Floating Interest Rate Notice, as such rate is published in H.15(519) under the heading "Treasury Bills-auction average (investment)" or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the auction average rate of such Treasury Bills (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the Auction of Treasury Bills having the Index Maturity specified in the applicable Floating Interest Rate Notice are not reported as provided above by 3:00 p.m., New York City time, on such Calculation Date, or if no such Auction is held, then the Treasury Rate will be calculated by the Calculation Agent, and will be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers (which may include the Remarketing Agent or its affiliates) selected by the Calculation Agent, after consultation with the Company, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Floating Interest Rate Notice; *provided, however,* that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

OTHER PROVISIONS

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected and of the Holders of 66 2/3% in principal amount of the Securities at the time Outstanding of all series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the

Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. To the extent permitted by law, any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

This Note shall be governed by and construed in accordance with the laws of The State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-- as tenants in common	UNIF GIFT MIN ACT--_____ CUSTODIAN_____
TEN ENT	-- as tenants by the entireties	(Cust) (Minor)
JT TEN	-- as joint tenants with right of survivorship and not as tenants in common	Under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

Please Insert Social Security or
Other Identifying Number of Assignee

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____

_____

the within Security of Tampa Electric Company and does hereby irrevocably constitute and appoint

_____ attorney to transfer said Security on the books of the Company, with full power of substitution in the premises.

Dated:_____ _____

_____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

Remarketed Note Due 2038

Initial Interest Rate Period

CUSIP Number:	[ ]
Principal Amount:	$50,000,000
Original Issue Date:	July 31, 1998
Issue Price:	100%
Stated Maturity:	July 15, 2038
Initial Interest Rate:	5.94% per annum
Interest Payment Dates:	July 15 and January 15, commencing January 15, 1999
Record Dates:	Fifteenth calendar day immediately preceding the related Interest Payment Date whether or not a Business Day
Initial SPURS Agent:	Citibank, N.A.
Initial SPURS Remarketing Date:	July 15, 2001
SPURS Period:	July 15, 2001 up to, but excluding, July 15, 2011
Base Rate:	5.41%
SPURS Interest Rate:	
Reference Corporate Dealers:	Citicorp Securities, Inc. Morgan Stanley & Co. Incorporated Bear Stearns & Co. Inc. Chase Securities Inc. Goldman, Sachs & Co.
Reference Treasury Dealers:	Citicorp Securities, Inc. Morgan Stanley & Co. Incorporated Bear Stearns & Co. Inc. Chase Securities Inc. Goldman, Sachs & Co.

Subsequent Interest Rate Period(s)

CUSIP Number:

Principal Amount:

Interest Rate Adjustment Date:

Record Date(s):

Interest Pay nent Date(s):

Interest Rate Mode:

- [ ] Commercial Paper Term Mode
- [ ] Long Term Rate Mode
- [ ] SPURS Mode
  - [ ] SPURS Agent:
  - [ ] SPURS Remarketing Date:
  - [ ] SPURS Rate Period:
  - [ ] Base Rate:
  - [ ] SPURS Interest Rate:
  - [ ] Reference Corporate Dealers:
  - [ ] Reference Treasury Dealers:

Interest Rate:

[ ] Fixed Rate:

[ ] Floating Rate:

Calculation Agent: _____

Initial Interest Rate to Initial Interest Reset Date: _____

Interest Rate Basis(es):

[ ] CD Rate
Index Maturity:

[ ] CMT Rate
Index Maturity:
Designated CMT Telerate Page:

[ ] Commercial Paper Rate
Index Maturity:

[ ] Federal Funds Rate

[ ] LIBOR

[ ] LIBOR Reuters
Index Currency:
Index Maturity:

[ ] LIBOR Telerate
Index Currency:
Index Maturity:

[ ] Prime Rate

[ ] Treasury Rate
Index Maturity:

Spread (+/-):

Spread Multiplier:

Floating Rate Maximum Interest Rate:

Floating Rate Minimum Interest Rate:

Initial Interest Reset Date:

Interest Reset Date:

Interest Reset Period(s):

Day Count Convention:

[ ] Actual/360
[ ] Actual/Actual
[ ] 30/360

Applicable Interest Rate Basis:

Optional Redemption Provisions (Long Term Rate Mode):

Applicable Redemption Period	Redemption Price

Other or Alternative Terms of Optional Repayment:

Early Remarketing Provisions (Long Term Rate Mode):

Initial Early Remarketing Date:_____

Initial Early Remarketing Premium:_____

Annual Early Remarketing Premium Percentage Reduction:_____

Other or Alternative Terms of Early Remarketing:

_____

_____

_____

_____

_____

_____

_____

Other Provisions:

_____

_____

_____

_____

_____

_____

_____

_____

_____

EXHIBIT B

TAMPA ELECTRIC COMPANY

REMARKETED NOTES DUE 2038

SUPPLEMENTAL COMPANY ORDER

Pursuant to Article Five of the First Supplemental Indenture, dated as of July 15, 1998, to the Indenture, dated as of July 1, 1998, as amended, you are instructed to prepare and authenticate a Note, of the series identified above, in the principal amount of $_____. The Note is being delivered in exchange for issued and outstanding Notes of the series identified above.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 1998.

TAMPA ELECTRIC COMPANY

By:_____
Name:
Title:

EXHIBIT C

[Tampa Electric Company Letterhead]

FLOATING INTEREST RATE NOTICE

[Date]

To: [Remarketing Agent(s)]
[Address]
The Bank of New York
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Trustee Administration
Telecopy: (904) 645-1997

Re: Remarketed Notes Due 2038 (the "Notes")

Ladies and Gentlemen:

This Floating Interest Rate Notice relates to (i) $_____ principal amount of the Notes (CUSIP No. _____) and (ii) the proposed [Long Term Rate Period] [SPURS Rate Period] of the Note (the "Interest Rate Period") commencing on _____ and ending on _____. Capitalized terms used and not otherwise defined herein shall have their respective meanings assigned to them in the Notes.

We hereby notify you that the above-referenced Notes will bear the following floating rate terms during the Interest Rate Period specified above:

1. The Interest Rate Basis(es) shall be:

[ ] CD Rate, where the Index Maturity will be _____;

[ ] CMT Rate, where the Designated CMT Maturity Index will be _____, and the Designated CMT Telerate Page will be ___ _____;

[ ] Federal Funds Rate;

[ ] LIBOR Reuters, where the Index Currency will be _____, and the Designated LIBOR Page will be _____;

[ ] LIBOR Telerate, where the Index Currency will be _____ , and the Designated LIBOR Page will be _____;

Exhibit D-1

July 31, 1998

Citicorp Securities, Inc.
399 Park Avenue
5th Floor, Zone 6
New York, New York 10043

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Palmer & Dodge LLP
One Beacon Street
Boston, MA 02108

Re: $50,000,000 Aggregate Principal Amount of Remarketed Notes Due 2038 (the "Notes") of Tampa Electric Company

Ladies and Gentlemen:

I furnish this opinion to you in connection with the issue and sale of the Notes pursuant to the Purchase Agreement dated July 28, 1998 (the "Purchase Agreement") by and among Tampa Electric Company (the "Company"), Citicorp Securities, Inc. and Morgan Stanley & Co. Incorporated. Unless otherwise defined herein, capitalized terms are used herein as defined in the Purchase Agreement.

As Vice President and Assistant General Counsel of TECO Energy, Inc., the parent of the Company, I have acted as counsel for the Company in connection with the issue and sale of the Notes. I have examined the Prospectus as amended or supplemented through the date hereof, the Indenture, the Purchase Agreement and such other documents and certificates as I consider necessary to render this opinion. I have relied upon representations made in or pursuant to the Purchase Agreement and upon certificates of officers of the Company. I have assumed the genuineness of all signatures and the authenticity of all documents submitted to me as originals and the conformity to original documents of all documents submitted to me as copies.

I am a member of the Florida Bar, and the opinion rendered herein is limited to the laws of the State of Florida. For purposes of my opinion as to the enforceability of the Indenture and the Notes, I am rendering this opinion as though the laws of the State of Florida governed, notwithstanding the recitations in such instruments that the laws of another jurisdiction govern.

References in this opinion to matters known to me mean my actual knowledge.

Based on and subject to the foregoing, I am of the opinion that:

1. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Florida and has the corporate power and authority to own its property and to conduct its business as described in the Prospectus.

2. Each of the Agency Agreement and the Purchase Agreement has been duly authorized, executed and delivered by the Company.

3. The Indenture has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4. The Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for in accordance with the terms of the Purchase Agreement, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

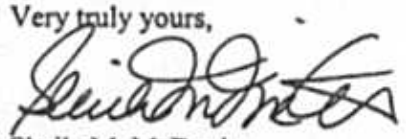
5. The issuance of the Notes and the sale thereof to you have been duly approved by the Florida Public Service Commission to the extent required by law by an order that remains in full force and effect, and no further authorization, consent or approval by any regulatory authority is required for the valid issue and sale of the Notes except such as may be required under state securities laws.

6. The execution and delivery by the Company of, and the performance by the Company of its obligations under, the Agency Agreement, the Notes, the Indenture and the Purchase Agreement will not contravene any provision of applicable law or the Restated Articles of Incorporation or by-laws of the Company or constitute a default under any agreement or other instrument binding upon the Company or any of its subsidiaries that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 1997, or the Company's Form 10-Q for the

Quarter ended March 31, 1998, or, to my knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under the Agency Agreement, the Notes, the Indenture and the Purchase Agreement, except as has been obtained and except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes or the rules of the National Association of Securities Dealers.

This opinion is furnished to you as Agents under the Purchase Agreement and is solely for your benefit, except that Palmer & Dodge LLP and Ropes & Gray may rely upon this opinion in rendering their opinions to you pursuant to the Purchase Agreement.

Very truly yours,



Sheila M. McDevitt
Vice President-
Assistant General Counsel

Exhit D-2

PALMER & DODGE LLP
ONE BEACON STREET, BOSTON, MA 02108-3190

TELEPHONE: (617) 573-0100 FACSIMILE: (617) 227-4420

July 31, 1998

Citicorp Securities, Inc.
399 Park Avenue
5th Floor, Zone 6
New York, New York 10043

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Re: $50,000,000 Aggregate Principal Amount of Remarketed Notes Due 2038 of Tampa Electric Company

Ladies and Gentlemen:

We have acted as counsel for the Company in connection with the preparation, execution and delivery of the Indenture dated as of July 1, 1998 between Tampa Electric Company (the "Company") and The Bank of New York, as trustee (the "Trustee") and the First Supplemental Indenture dated as of July 15, 1998 between the Company and the Trustee amending and supplementing such Indenture (as so supplemented, the "Indenture") relating to the issuance of $50,000,000 aggregate principal amount of its Remarketed Notes Due 2038 (the "Notes").

The Notes were sold to you pursuant to a Purchase Agreement dated as of July 28, 1998 between and you and the Company (the "Purchase Agreement"), which agreement incorporates the terms of the Agency Agreement dated as of July 28, 1998 between you and the Company (the "Agency Agreement") relating to the issuance and sale from time to time by the Company of $200,000,000 aggregate principal amount of its medium-term notes.

We are furnishing this opinion to you as required by the Purchase Agreement pursuant to Section 4(b)(i) of the Agency Agreement incorporated therein. Unless otherwise defined herein, capitalized terms are used herein as defined in the Purchase Agreement.

We have examined the Indenture, Notes, Registration Statement, Prospectus, Agency Agreement, Purchase Agreement and such other documents and certificates as we consider necessary to render this opinion. As to various questions of fact material to our opinion, we have relied upon the representations made in or pursuant to the Purchase Agreement and upon certificates of officers of the Company. We have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies.

In giving this opinion, we have relied as to matters of Florida law on the opinion of Sheila M. McDevitt, Senior Corporate Counsel to the Company, being delivered to you today.

We have examined such opinion, and in our opinion both you and we are justified in relying thereon.

The opinion rendered herein is limited to the laws of the Commonwealth of Massachusetts and the federal laws of the United States and insofar as we have relied upon the foregoing opinion of Sheila M. McDevitt, the laws of the State of Florida. For purposes of our opinion as to the enforceability of the Indenture and the Notes, we are rendering such opinion as though the laws of Massachusetts governed, notwithstanding the recitations in such instruments that the laws of another jurisdiction govern.

References in this opinion to matters known to us mean the actual knowledge of the lawyers in this firm responsible for preparing this opinion after consultation with such other lawyers in the firm and review of such documents in our possession as they considered appropriate.

Based on and subject to the foregoing, we are of opinion that:

1. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Florida and has the corporate power and authority to own its property and to conduct its business as described in the Prospectus.

2. Each of the Agency Agreement and Purchase Agreement has been duly authorized, executed and delivered by the Company.

3. The Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4. The Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for in accordance with the terms of the Purchase Agreement, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

5. The execution and delivery by the Company of, and the performance by the Company of its obligations under, the Agency Agreement, the Notes, the Indenture and the Purchase Agreement will not contravene any provision of applicable law or the Restated Articles

of Incorporation or by-laws of the Company or constitute a default under any agreement or other instrument binding upon the Company or any of its subsidiaries that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 1997, or the Company's Form 10-Q for the Quarter ended March 31, 1998, or, to our knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under the Agency Agreement, the Notes, the Indenture and the Purchase Agreement, except as has been obtained and except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes or the rules of the National Association of Securities Dealers.

6. The Registration Statement has become effective under the Securities Act of 1933, as amended (the "Securities Act"), and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act.

7. The statements in the Prospectus, under the captions "Description of the Debt Securities," insofar as such statements constitute summaries of the provisions of the Indenture fairly summarize the matters referred to therein.

8. The opinion ascribed to us in the Prospectus under the caption "Certain Federal Income Tax Consequences" remains in effect the date hereof.

As counsel to the Company, we have participated in conferences with your representatives, officers and other representatives of the Company and representatives of the independent accountants of the Company at which the contents of the Registration Statement and the Prospectus and related matters were discussed. On the basis of the information that we gained participating in such conferences, considered in the light of our understanding of the requirements of the Securities Act, the Securities and Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations of the Securities and Exchange Commission (the "Commission") thereunder, we confirm to you that, in our opinion each document filed pursuant to the Exchange Act and incorporated by reference in the Prospectus complied, when so filed, as to form in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, and the Registration Statement and Prospectus comply as to form in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder. In addition, although, except as set forth in paragraphs 7 and 8 above, we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, nothing has

come to our attention which has caused us to believe that any part of the Registration Statement, when such part became effective, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, as of the date of the Prospectus Supplement contained, or as of the date hereof contains, any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no opinion or belief as to the financial statements, including the notes and schedules thereto, other financial and statistical data set forth or referred to in the Registration Statement or the Prospectus or as to any statements in or omissions from the Registration Statement or Prospectus made in reliance upon and conformity with written information furnished to the Company by you specifically for use therein, or as to any statements in or omissions from the parts of the Registration Statement which constitute the Statements of Eligibility and Qualification.

This opinion is furnished to you as Agents under the Purchase Agreement and is solely for your benefit, except that Ropes & Gray may rely on this opinion in rendering its opinion to you pursuant to the Purchase Agreement.

Very truly yours,

Palmer & Dodge LLP

PALMER & DODGE LLP

Exhibit D-3

ROPES & GRAY
ONE INTERNATIONAL PLACE
BOSTON, MASSACHUSETTS 02110-2624
(617) 951-7000
FAX: (617) 951-7050

30 KENNEDY PLAZA
PROVIDENCE, RI 02903-2328
(401) 455-4400
FAX: (401) 455-4401

ONE FRANKLIN SQUARE
1301 K STREET, N. W.
SUITE 800 EAST
WASHINGTON, DC 20005-3333
(202) 626-3900
FAX: (202) 626-3961

July 31, 1998

Citicorp Securities, Inc.
399 Park Avenue
5th Floor, Zone 6
New York, New York 10043

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Re: Tampa Electric Company -- $50,000,000 Remarketed Notes due 2038

Ladies and Gentlemen:

We have acted as your counsel in connection with the execution of (i) the Agency Agreement dated July 28, 1998 (the "Agency Agreement") between each of you and Tampa Electric Company (the "Company"), relating to your appointment as agents of the Company with respect to the issuance and sale from time to time by the Company of up to $200,000,000 aggregate principal amount of its medium-term notes, and (ii) the Purchase Agreement dated July 28, 1998 (the "Purchase Agreement") (which incorporates the terms of the Agency Agreement) pursuant to which you have severally agreed to purchase from the Company $50,000,000 aggregate principal amount of its Remarketed Notes due 2038 (the "Notes").

We are furnishing this opinion to you pursuant to the Purchase Agreement. Terms defined in the Purchase Agreement and not otherwise defined herein are used herein as so defined.

We have attended the closing of the sale of the Notes held today. We have examined the Registration Statement, the Prospectus, the Indenture, the Notes, the Agency Agreement, and the Purchase Agreement. We have also examined and relied upon the original or copies of the Company's certificate of incorporation and by-laws, minutes of the meetings of the Board of Directors of the Company and the committees thereof, the documents delivered at the closing, and such other documents as we have deemed necessary or appropriate to enable us to render the opinions expressed below. We have assumed the genuineness of the signatures on all documents examined by us, the authenticity of all documents submitted to us as originals, and the conformity to the corresponding originals of all documents submitted to us as copies.

We express no opinion as to the laws of any jurisdiction other than those of The Commonwealth of Massachusetts and the federal laws of the United States of America.

The Registration Statement has become effective under the Securities Act of 1933, as amended (the "Securities Act"), and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act.

In the course of the preparation by the Company of the Registration Statement and the Prospectus, we have participated in discussions with your representatives and those of the Company and its independent accountants in which the business and affairs of the Company and the contents of the Registration Statement and the Prospectus were discussed. On the basis of the information that we have gained in the course of our representation of the Agents in connection with the Company's preparation of the Registration Statement and the Prospectus and our participation in the discussions referred to above, we believe that the Registration Statement, as of its effective date, and the Prospectus, as of July 28, 1998, complied as to form in all material respects with the requirements of the Securities Act and the published rules and regulations of the Securities Exchange Commission thereunder. Further, nothing that has come to our attention has caused us to believe that as of its effective date the Registration Statement contained any untrue statement of material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, as of July 28, 1998 contained or as of the date hereof contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no belief, however, as to the financial statements, including the notes and schedules thereto, or any other information of a financial, statistical or accounting nature set forth or referred to in the Registration Statement or the Prospectus.

The limitations inherent in the independent verification of factual matters and the character of the determinations involved in our review are such that we do not assume any responsibility for the accuracy, completeness or fairness of the statements made or the information contained in the Registration Statement and Prospectus except for those made under the caption "Underwriting," which accurately summarize in all material respects the provisions of the laws and documents referred to therein.

We have examined the opinions of Palmer & Dodge LLP and Sheila M. McDevitt, counsel for the Company, each of even date herewith and furnished to you pursuant to the Purchase Agreement. Such opinions are satisfactory to us in form and substance.

This opinion is furnished to you as Agents under the Purchase Agreement and is solely for your benefit.

Very truly yours,

Ropes & Gray

Ropes & Gray

3319948.01

Exhibit E

As filed with the Secu ties and Exchange Commission on June 3, 1998.

Registration No. 333-

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TAMPA ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Florida	59-0475140
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602 (813) 228-4111
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Roger H. Kessel, Esq.
General Counsel and Secretary
Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
(813) 228-4111
(Name, address, including zip code, and telephone number, including area code, of agent for service)

with copies to:

David R. Pokross, Jr., Esq.	Mark V. Nuccio, Esq.
Palmer & Dodge LLP	Ropes & Gray
One Beacon Street	One International Place
Boston, Massachusetts 02108	Boston, Massachusetts 02110-2624

Approximate date of commencement of proposed sale to the public:

From time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursua.. to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 4..4, please check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price (1)	Amount of registration fee(1)
Debt Securities	$200,000,000	100%	$200,000,000	$59,000

(1) Estimated solely for the purpose of determining the registration fee and computed pursuant to Rule 457(o)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED JUNE 3, 1998

PROSPECTUS

$200,000,000

Tampa Electric Company

Debt Securities

Tampa Electric Company ("Tampa Electric" or the "Company") may offer, from time to time, its unsecured notes, debentures, or other evidence of unsecured indebtedness (the "Debt Securities"), in one or more series, in an aggregate principal amount of up to $200,000,000. Debt Securities may be issued in registered form without coupons or in the form of one or more global securities (each a "Global Security").

When a particular series of Debt Securities is offered, a supplement to this Prospectus will be delivered (each a "Prospectus Supplement") together with this Prospectus setting forth the terms of such Debt Securities, including, where applicable, the specific designation, aggregate principal amount, denominations, maturity, interest rate (which may be fixed or variable) and time of payment of interest, any terms for redemption, any terms for repayment at the option of the holder, any terms for sinking fund payments, the initial public offering price, any listing of the Debt Securities on a securities exchange and other terms in connection with the offering and sale of such Debt Securities.

Tampa Electric may sell Debt Securities to or through dealers or underwriters, directly to other purchasers or through agents. See "PLAN OF DISTRIBUTION." A Prospectus Supplement will set forth the names of such underwriters, dealers or agents, if any, any applicable commissions or discounts and the proceeds to Tampa Electric from such sales.

This Prospectus may not be used to consummate sales of Debt Securities unless accompanied by a Prospectus Supplement applicable to the Debt Securities being sold.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is , 1998.

AVAILABLE INFORMATION

The Company files periodic reports and other information with the Securities and Exchange Commission (the "Commission") relating to its business, financial statements and other matters. Reports filed with the Commission as well as copies of the Registration Statement, of which this Prospectus is a part, can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549, and at the following Regional Offices of the Commission: Midwest Regional Office, 500 West Madison Avenue, Suite 1400, Chicago, Illinois 60661; and Northeast Regional Office, 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the Commission at its principal office at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. Such reports and other information can also be reviewed on the Commission's web site (http://www.sec.gov).

The Company has filed a Registration Statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") with the Commission under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Debt Securities. This Prospectus does not contain all of the information set forth in such Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Reference is made to such Registration Statement and to the exhibits relating thereto for further information with respect to the Company and the Debt Securities. Statements contained herein concerning the provisions of any document filed as an exhibit to the Registration Statement or otherwise filed with the Commission are not necessarily complete, and in each instance reference is made to the copy of such document so filed. Each such statement is qualified in its entirety by such reference.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents previously filed by the Company with the Commission (File No. 001-05007) are hereby incorporated by reference: (i) the Company's Annual Report on Form 10-K for the year ended December 31, 1997 and (ii) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.

Each document filed by the Company subsequent to the date of this Prospectus pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the termination of the offering of the Debt Securities shall be deemed to be incorporated herein by reference and to be a part hereof from the date of filing of such document. Any statement contained herein or in a document all or a portion of which is incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, in any other subsequently filed document which also is or is deemed to be incorporated herein by reference or in any prospectus supplement modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom this Prospectus is delivered, upon the written or oral request by such person, a copy of any document described above, other than exhibits (unless such exhibits are specifically incorporated by reference to such documents). Requests for such copies should be directed to Tampa Electric Company, TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602, attention: Sandra W. Callahan, Treasurer; telephone number: (813) 228-4111.

No dealer, salesperson or any other individual has been authorized by the Company to give any information or to make any representation other than those contained or incorporated by reference in this Prospectus or any accompanying Prospectus Supplement and, if given or made, such information or representation must not be relied upon as having been authorized. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any

person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof.

THE COMPANY

Tampa Electric, a public utility company, is a wholly-owned subsidiary of TECO Energy, Inc. ("TECO"), a diversified energy-related holding company. Tampa Electric generates, purchases, transmits, distributes and sells electric energy for customers within west central Florida and, through its Peoples Gas System division, purchases, distributes and markets natural gas for customers throughout Florida. A more complete description of the business of the Company and its recent activities can be found in the documents listed in "DOCUMENTS INCORPORATED BY REFERENCE." The principal offices of the Company, a Florida corporation, are located at TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602, and its telephone number at such offices is (813) 228-4111.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the Company's consolidated ratio of earnings to fixed charges for the periods shown.

Three Months Ended March 31, 1998	Twelve Months Ended March 31, 1998	Year Ended December 31,				
		1997	1996(2)	1995(2)	1994(2)	1993(2)
3.44x(1)	4.20x(1)	4.38x	4.40x	4.28x	3.88x(3)	3.81x(4)

For the purposes of calculating this ratio, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

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(1) Includes the effect of a $9.6-million pretax charge associated with Tampa Electric's ongoing efforts to mitigate the effects of a 1997 Florida Public Service Commission ruling on certain wholesale electric power supply contracts. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.99x and 4.34x for the three- and 12-month periods ended March 31, 1998, respectively.

(2) Amounts have been restated to reflect the merger of Peoples Gas System, Inc. in 1997, with and into the Company.

(3) Includes the effect of a $21.3-million pretax restructuring charge. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this non-recurring charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.23x for the year ended December 31, 1994.

(4) Includes the effect of the non-recurring $10-million pretax charge associated with a coal pricing settlement. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this non-recurring charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.97x for the year ended December 31, 1993.

USE OF PROCEEDS

Tampa Electric intends to add the net proceeds from the sale of the Debt Securities to its general funds, to be used for general corporate purposes, which may include capital expenditures, investment in subsidiaries, working capital, repayment of debt and other business opportunities.

DESCRIPTION OF THE DEBT SECURITIES

The Debt Securities will constitute unsecured debt of the Company and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company. The Debt Securities will be issued in one or more series under an indenture (the "Indenture") to be dated as of June 1, 1998 between the Company and The Bank of New York, as Trustee (the "Trustee"). The form of the Indenture is filed as an exhibit to the Registration Statement of which this Prospectus is a part. The statements under this heading do not purport to be complete and are subject to the detailed provisions of, and are qualified in their entirety by reference to, the Indenture. Capitalized terms used herein but not defined are used as defined in the Indenture.

General

The Indenture does not limit the aggregate principal amount of the Debt Securities issuable thereunder or of any particular series of Debt Securities. The Debt Securities of any series need not be issued at the same time or bear interest at the same rate or mature on the same date.

Reference is made to the Prospectus Supplement (the "Prospectus Supplement") for the following terms of any particular series of Debt Securities: (i) the title of such Debt Securities; (ii) any limit on the aggregate principal amount of such Debt Securities or the series of which they are a part; (iii) the date or dates on which the principal of any of such Debt Securities will be payable or the method by which such date or dates will be determined; (iv) the rate or rates at which any of such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, and the date or dates from which any such interest will accrue; (v) the dates on which any such interest will be payable and the record dates, if any, for any such interest payments; (vi) if applicable, whether the interest payment periods may be extended by the Company and, if so, the permitted duration of any such extensions; (vii) the place or places where the principal of and interest on any of such Debt Securities will be payable; (viii) the obligation, if any, of the Company to redeem or purchase any of such Debt Securities pursuant to any sinking fund, purchase fund or analogous provision or at the option of the Holder thereof and the terms and conditions on which any of such Debt Securities may be redeemed or purchased pursuant to such obligation; (ix) the denominations in which any of such Debt Securities will be issuable, if other than denominations of $1,000 or any integral multiple thereof; (x) the terms and conditions, if any, on which any of such Debt Securities may be redeemed at the option of the Company; (xi) the currency, currencies or currency units in which the principal of and any premium and interest on any of such Debt Securities will be payable, if other than U.S. dollars, and the manner of determining the equivalent thereof in U.S. dollars for any purpose; (xii) whether any of such Debt Securities will be issuable in whole or in part in the form of one or more Global Securities and, if so, the identity of the depositary (the "Depositary") for any such Global Security and any provisions regarding the transfer, exchange or legending of any such Global Security if different from those described below under the caption "Global Securities;" (xiii) any addition to, change in or deletion from the Events of Default or covenants described herein with respect to any of such Debt Securities and any change in the right of the Trustee or the Holders to declare the principal amount of any of such Debt Securities due and payable; (xiv) any index or formula used to determine the amount of principal of or any premium or interest on any of such Debt Securities and the manner of determining any such amounts; (xv) any subordination of such Debt Securities to any other indebtedness of the Company; and (xvi) other material terms of such Debt Securities.

Unless otherwise indicated in the Prospectus Supplement relating thereto, Debt Securities will be issued only in fully registered form, without coupons, in denominations of $1,000 or any integral multiple thereof, and no service charge will be made for any registration of transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Unless otherwise indicated in the Prospectus Supplement relating thereto, the principal of and any premium and interest on any Debt Securities will be payable, and such Debt Securities will be exchangeable and transfers thereof will be registrable, at the corporate trust office of The Bank of New York in the City of New York, New York, and payment of any interest due on any Debt Security will be made to the person in whose name such Debt Security is registered at the close of business on the regular record date for such interest.

If the Debt Securities of any series (or any Debt Securities of a specified tenor within any series) are to be redeemed, the Company will not be required to (i) issue, register the transfer of, or exchange any Debt Security of that series (or any Debt Securities of a specified tenor within any series, as the case may be) during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any such Debt Security that may be selected for redemption and ending at the close of business on the day of such mailing or (ii) register the transfer of or exchange any Debt Security so selected for redemption, in whole or in part, except the unredeemed portion of any such Debt Security being redeemed in part.

Debt Securities may be offered and sold at a substantial discount below their principal amount ("Original Issue Discount Securities"). Special United States Federal income tax and other considerations, if any, applicable thereto will be described in the applicable Prospectus Supplement. In addition, certain special Federal income tax or other considerations, if any, applicable to any Debt Securities that are denominated in a currency or currency unit other than U.S. dollars may be described in the applicable Prospectus Supplement.

Except as otherwise described in the applicable Prospectus Supplement, the covenants contained in the Indenture would not afford any Holders of Debt Securities issued thereunder protection in the event of a highly leveraged transaction involving the Company.

Global Securities

Some or all of the Debt Securities of a series may be represented in whole or in part by one or more Global Securities, which will be deposited with or on behalf of one or more Depositaries.

The specific terms of the depositary arrangement with respect to any Debt Securities of a series will be described in the Prospectus Supplement relating thereto. The Company anticipates that the following provisions will apply to all depositary arrangements.

Unless otherwise specified in the Prospectus Supplement relating thereto, Debt Securities that are to be represented by a Global Security or Global Securities to be deposited with or on behalf of a Depositary will be represented by a Global Security or Global Securities registered in the name of such Depositary or its nominee. Upon the issuance of a Global Security in registered form, the Depositary for such Global Security will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by such Global Security to the accounts of institutions that have accounts with such Depositary or its nominee ("Participants"). The accounts to be credited will be designated by the underwriters or agents of such Debt Securities or by the Company, if such Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in such Global Securities will be limited to Participants or persons that may hold interests through Participants. Ownership of beneficial interests by Participants in such Global Securities will be shown on, and the transfer of any such ownership interest will be effected only through, records maintained by the Depositary or its nominee for such Global Security. Ownership of beneficial interests in Global Securities by persons that hold through Participants will be effected only through records maintained by such Participants. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Global Security.

So long as the Depositary for a Global Security, or its nominee, is the registered owner of such Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or Holder of the Debt Securities represented by such Global Security for all purposes under the Indenture. Except as set forth below, owners of beneficial interests in the Global Security will not be entitled to have the Debt Securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of the Debt Securities in definitive form and will not be considered the owners or Holders thereof under the Indenture.

Payment of principal of and any premium and interest on Debt Securities registered in the name of or held by a Depositary or its nominee will be made in immediately available funds to the Depositary or its nominee, as the case may be, as the registered owner or the Holder of the Global Security representing such Debt Securities. None of the Company, the Trustee, any Paying Agent or the Security Registrar for such Debt Securities will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a Global Security for such Debt Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that a Depositary for Debt Securities of a series, upon receipt of any payment of principal or any premium or interest in respect of a Global Security, will immediately credit Participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such Global Security as shown on the records of such Depositary. The Company also expects that payments by Participants to owners of beneficial interests in such Global Security held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name," and will be the responsibility of such Participants.

A Global Security may not be transferred in whole or in part except by the Depositary for such Global Security to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. If a Depositary for Debt Securities of a series is at any time unwilling or unable to continue as Depositary and a successor Depositary is not appointed by the Company, the Company will issue Debt Securities in definitive registered form in exchange for the Global Security or Global Securities representing such Debt Securities. In addition, the Company may at any time determine not to have any Debt Securities represented by one or more Global Securities and, in such event, will issue Debt Securities in definitive registered form in exchange for the Global Securities representing such Debt Securities. In any such instance, an owner of a beneficial interest in a Global Security will be entitled to physical delivery in definitive form of Debt Securities of the series represented by such Global Security equal in principal amount to such beneficial interest and to have such Debt Securities registered in its name.

Book-Entry Issuance

The Depository Trust Company ("DTC") will act as securities Depositary for all of the Debt Securities, unless otherwise indicated in the Prospectus Supplement relating to an offering of Debt Securities. Such Debt Securities will be issued only as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered global certificates will be issued for the Debt Securities, representing the aggregate principal balance of such Debt Securities, and will be deposited with the Trustee as custodian for DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of

securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain custodial relationships with Direct Participants, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Debt Securities within the DTC system must be made by or through Direct Participants, which will receive a credit for the Debt Securities on DTC's records. The ownership interest of each actual purchaser of each Debt Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners purchased Debt Securities. Transfers of ownership interests in the Debt Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Debt Securities, except in the event that use of the book-entry system for the Debt Securities is discontinued.

To facilitate subsequent transfers, all Debt Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Debt Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Debt Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Debt Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners and the voting rights of Direct Participants, Indirect Participants and Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. as the registered holder of the Debt Securities. If less than all of the Debt Securities are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Although voting with respect to the Debt Securities is limited to the holders of record of the Debt Securities, in those instances in which a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to Debt Securities. Under its usual procedures, DTC would mail an omnibus proxy (the "Omnibus Proxy") to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such Debt Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and any premium and interest on the Debt Securities will be made by the Trustee to Cede & Co., as DTC's partnership nominee. DTC's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices and will be the responsibility of such Participant and not of DTC or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions to DTC is the

responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities Depositary with respect to any of the Debt Securities at any time by giving reasonable notice to the Company. In the event that a successor securities Depositary is not obtained, definitive certificates representing such Debt Securities are required to be printed or delivered. The Company, at its option, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Depositary).

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be accurate, but the Company assumes no responsibility for the accuracy thereof. The Company has no responsibility for the performance by DTC or its Participants of their respective obligations as described herein or under the rules and procedures governing their respective operations.

Redemption

Any terms and conditions for the optional or mandatory redemption of any Debt Securities will be set forth in the applicable Prospectus Supplement. Except as otherwise provided in the applicable Prospectus Supplement, Debt Securities will be redeemable by the Company only upon notice mailed not less than 30 nor more than 60 days prior to the date fixed for redemption.

Consolidation, Merger, Etc.

The Company will not consolidate or merge with or into any other Corporation or Corporations, or convey or transfer its properties and assets as an entirety or substantially as an entirety to any Person, unless (i) the successor or transferee Corporation shall be a Corporation organized and existing under the laws of the United States of America, any State thereof, or the District of Columbia, and the successor or transferee assumes by supplemental indenture the due and punctual payment of the principal of and premium and interest on all the Debt Securities and the performance of every covenant of the Indenture to be performed or observed by the Company; (ii) immediately after giving effect to such consolidation, merger, sale or transfer, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing; and (iii) the Company delivers an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent in the Indenture relating to the transaction have been complied with. Upon the assumption by the successor Person of the Company's obligations under the Indenture and the Debt Securities issued thereunder, and the satisfaction of any other condition precedent provided for in such Indenture, the successor Person will succeed to and be substituted for the Company under such Indenture.

Modification and Waiver

The Indenture provides that modifications and amendments thereof may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of each series affected thereby and 66⅔% in aggregate principal amount of the Outstanding Debt Securities of all series affected thereby; provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Debt Security; (b) reduce the principal amount of, or any premium or interest on, any Debt Security; (c) reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the Maturity thereof; (d) change the Place of Payment of, currency of payment of principal of, or premium, if any, or interest on, any Debt Security; (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security after the Stated Maturity (or, in the

case of redemption, on or after the Redemption Date); or (f) reduce the percentage in principal amount of Outstanding Debt Securities of any series, the consent of the Holders of which is required for modification or amendment of the Indenture, for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults. Notwithstanding the foregoing, under certain limited circumstances and only upon the fulfillment of certain conditions, modifications and amendments of the Indenture may be made by the Company and the Trustee without the consent of any Holders of the Debt Securities issued thereunder.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of any series may waive any past default under the Indenture with respect to that series except a default in the payment of principal of, or any premium or interest on, any Debt Security of such series or in respect of a covenant or provision under the Indenture which cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected thereby.

Events of Default

The following will be Events of Default under the Indenture with respect to Debt Securities of any series issued thereunder (unless inapplicable to the particular series, specifically modified or deleted as a term of such series or otherwise modified or deleted in an indenture supplemental to the Indenture): (a) failure to pay any interest on any Debt Security of that series when due, and such failure has continued for 30 days; (b) failure to pay principal of or premium, if any, on any Debt Security of that series when due; (c) failure to deposit any sinking fund payment in respect of any Debt Security of that series when due, where such failure has continued for 30 days; (d) failure to perform any other covenant of the Company in the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of Debt Securities other than that series), and such failure has continued for 90 days after written notice as provided in the Indenture; (e) certain events of bankruptcy, insolvency or reorganization relating to the Company; and (f) any other Event of Default provided with respect to Debt Securities of that series.

If an Event of Default with respect to Debt Securities of any series at the time Outstanding occurs and is continuing, then the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Debt Securities of that series may, by a notice in writing to the Company (and to the Trustee if given by Holders), declare to be immediately due and payable the principal amount (or, if any Debt Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of the series) of all Debt Securities of that series. At any time after such a declaration of acceleration with respect to Debt Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences, if (i) the Company has paid or deposited with the Trustee a sum sufficient to pay all overdue interest on the Debt Securities of such series, the principal of and any premium on the Debt Securities of such series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Debt Securities, interest on overdue interest at the rate or rates prescribed therefor in the Debt Securities of such series (to the extent that payment of such interest is lawful), and all amounts due to the Trustee under the Indenture, and (ii) all Events of Default with respect to the Debt Securities of such series (other than the nonpayment of the principal of the Debt Securities of such series which has become due solely by such declaration of acceleration) have been cured or waived as provided in the Indenture. Reference is made to the Prospectus Supplement relating to any series of Debt Securities which are Original Issue Discount Securities for the particular provisions relating to acceleration of a portion of the principal amount of such Original Issue Discount Securities upon the occurrence of an Event of Default and the continuation thereof.

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default occurs and is continuing, the Indenture provides that the Trustee will be under no obligation to

exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity. Subject to such provisions for security and indemnification of the Trustee and certain other rights of the Trustee, the Holders of a majority in principal amount of the Outstanding Debt Securities of any series have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series.

No Holder of any Debt Security of any series will have any right to institute any proceeding with respect to the Indenture under which such Debt Security was issued or for any remedy thereunder unless such Holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Debt Securities of that series and unless the Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series have made such written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee under the Indenture, and the Trustee has not received from the Holders of a majority in principal amount of the Outstanding Debt Securities of that series a direction inconsistent with such request and has failed to institute such proceeding within 60 days after receipt of such notice and offer of indemnity. Notwithstanding the foregoing, the Holder of any Debt Security will have an absolute and unconditional right to receive payment of the principal of and any premium and, subject to certain limitations specified in the Indenture, interest on such Debt Security on the Stated Maturity thereof (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment.

The Company is required to furnish annually to the Trustee a statement signed on behalf of the Company by certain officers of the Company to the effect that to the best of their knowledge the Company is not in default in the performance and observance of any terms, provisions or conditions of the Indenture or, if there has been such a default, specifying each such default and the status thereof.

Satisfaction and Discharge

The Indenture provides that when, among other things, the Company deposits or causes to be deposited with the Trustee, in trust, an amount in money or the equivalent in U.S. Government Obligations (as defined) (or a combination thereof) sufficient to pay and discharge the entire indebtedness on the Debt Securities not previously delivered to the Trustee for cancellation, for the principal (and premium, if any) and interest to the date of the deposit or to the Stated Maturity or earlier Redemption Date for Debt Securities that have been, or by an irrevocable instruction delivered by the Company to the Trustee will be, called for redemption, as the case may be, then the Indenture will cease to be of further effect (except as to the Company's obligations to compensate, reimburse and indemnify the Trustee pursuant to the Indenture and certain other obligations), and the Company will be deemed to have satisfied and discharged the Indenture.

Defeasance

Unless otherwise provided in the Prospectus Supplement for a series of Debt Securities, the Company may cause itself (subject to the terms of the Indenture) to be discharged from any and all obligations with respect to any Debt Securities or series of Debt Securities (except for certain obligations to register the transfer or exchange of such Debt Securities, to replace such Debt Securities if stolen, lost or mutilated, to maintain paying agencies and to hold money for payment in trust) on and after the date the conditions set forth in the Indenture are satisfied. Such conditions include the deposit with the Trustee, in trust for such purpose, of money and/or U.S. Government Obligations (as such term is defined in the Indenture), which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and any premium and interest on such Debt Securities on the Stated Maturity of such payments or upon redemption, as the case may be, in accordance with the terms of the Indenture and such Debt Securities.

Under current Federal income tax law, the Defeasance contemplated in the preceding paragraphs would be treated as a taxable exchange of the relevant Debt Securities in which Holders of Debt Securities would recognize gain or loss. In addition, thereafter, the amount, timing and character of amounts that Holders would be required to include in income might be different from that which would be includable in the absence of such Defeasance. Prospective investors are urged to consult their own tax advisors as to the specific consequences of a Defeasance, including the applicability and effect of tax laws other than the Federal income tax law.

Concerning The Trustee

The Trustee is The Bank of New York, which maintains banking relationships with the Company in the ordinary course of business and serves as trustee under other indentures of the Company and certain of its affiliates.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York.

PLAN OF DISTRIBUTION

The Company may sell the Debt Securities (i) directly to purchasers, (ii) to or through underwriters or dealers, (iii) through agents, or (iv) through a combination of such methods. A Prospectus Supplement with respect to a particular series of Debt Securities will set forth the terms of the offering of such Debt Securities, including the following: name or names of any underwriters, dealers or agents; the purchase price of such Debt Securities and the proceeds to the Company from such sale; underwriting discounts and commissions; and any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

If underwriters are used in the sale, the Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. In connection with the sale of Debt Securities, underwriters may receive compensation from the Company in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the Debt Securities for whom they may act as agent. Underwriters may sell the Debt Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Unless otherwise set forth in the Prospectus Supplement relating thereto, the obligations of any underwriters to purchase the Debt Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all such Debt Securities if any are purchased.

If dealers are utilized in the sale of the Debt Securities, the Company will sell such Debt Securities to the dealers as principals. The dealer may then resell such Debt Securities to the public at varying prices to be determined by such dealer at the time of resale. Any such dealer, who may be deemed to be an underwriter as that term is defined in the Securities Act, involved in the offer or sale of Debt Securities will be named, and any commissions or discounts granted by the Company to such dealer set forth, in the applicable Prospectus Supplement.

If agents are used in the sales of the Debt Securities, offers to purchase the Debt Securities may be solicited by such agents from time to time. Any such agent, who may be deemed to be an underwriter as that term is defined in the Securities Act, involved in the offer or sale of the Debt Securities will be named, and any commissions payable by the Company to such agent set forth, in the applicable Prospectus Supplement. Any such agent will be acting on a reasonable effort basis for the period of its appointment or, if indicated in the applicable Prospectus Supplement, on a firm commitment basis.

Debt Securities also may be sold directly by the Company to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale thereof. The terms of any such sales will be described in the Prospectus Supplement relating thereto.

If so indicated in the Prospectus Supplement, the Company will authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject only to those conditions set forth in the Prospectus Supplement, and the Prospectus Supplement will set forth the commission payable for solicitation of such contracts.

Agents, dealers and underwriters may be entitled under agreements with the Company to indemnification against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which such agents, dealers or underwriters may be required to make in respect thereof. Agents, dealers and underwriters may engage in transactions with, or perform services for, the Company or TECO for customary compensation.

Debt Securities may also be offered and sold, if so indicated in the applicable Prospectus Supplement, in connection with a remarketing upon their purchase, in accordance with their terms, by one or more firms ("remarketing firms"), acting as principals for their own accounts or as agents for the Company. Any remarketing firm will be identified and the terms of its agreement, if any, with the Company will be described in the applicable Prospectus Supplement. Remarketing firms may be entitled to indemnification by the Company against certain liabilities, including liabilities under the Securities Act, and may engage in transactions with or perform services for the Company or TECO for customary compensation.

Any Debt Securities will be a new issue of securities with no established trading market. No assurance can be given that there will be a market for the Debt Securities of any particular series, or that if such market does develop, that it will continue to provide holders of such Debt Securities with liquidity for such investment or will continue for the duration such Debt Securities are outstanding.

The anticipated date of delivery of the Debt Securities will be set forth in the Prospectus Supplement relating to each offering.

LEGAL MATTERS

The validity of the Debt Securities will be passed upon for the Company by Palmer & Dodge LLP, Boston, Massachusetts. Certain legal matters in connection with the validity of the Debt Securities may be passed upon for any underwriters, agents or dealers by Ropes & Gray, Boston, Massachusetts.

EXPERTS

The consolidated financial statements as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997 included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated by reference in this Prospectus have been incorporated herein in reliance on the report of Coopers & Lybrand L.L.P., independent accountants, given on the authority of that firm as experts in accounting and auditing.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

Expenses in connection with the offering of the Debt Securities will be borne by the registrant and are estimated as follows:

SEC registration fee	$ 59,000
Rating agency fees	$ 95,000
Trustee's fees and expenses	$ 17,000
Accountant's fees and expenses	$ 21,000
Legal fees and expenses	$100,000
Printing costs	$ 25,000
Miscellaneous expenses	$ 23,000
Total	$340,000

Item 15. Indemnification of Directors and Officers

The registrant's Bylaws provide that any person who is or was a party to any threatened, pending or completed proceeding, because such person is or was a director or officer of the registrant or is or was serving at the request of the registrant as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the registrant to the full extent permitted by law against expenses and liabilities. The indemnification provided for in the registrant's Bylaws is expressly not exclusive of all other rights to which such person may be entitled as a matter of law.

Section 607.0850 of the Florida Business Corporation Act grants the registrant the power to indemnify each person who was or is a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against liability, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the registrant, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; provided, however, no indemnification shall be made in connection with any proceeding brought by or in the right of the registrant where the person involved is adjudged to be liable to the registrant, except to the extent approved by a court.

TECO maintains an insurance policy on behalf of the registrant's directors and officers, covering certain liabilities that may be incurred by the directors and officers when acting in their capacities as such.

If the Debt Securities are sold to or through underwriters or agents, the agreement with such underwriters or agents will provide that such underwriters or agents will indemnify the registrant's directors and officers against certain liabilities, including certain liabilities under the Securities Act.

Item 16. Exhibits

See Exhibit Index immediately following the signature page hereof.

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) If the registrant is a foreign private issuer, to file a post-effective amendment to the registration statement to include any financial statements required by Rule 3-19 of Regulation S-X at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act need not be furnished, *provided*, that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Securities Act or Rule 3-19 of Regulation S-X if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Form F-3.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of any employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referred to in Item 15 hereof, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(d) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on June 2, 1998. In connection with the foregoing, the registrant believes that the Debt Securities will meet at the time of sale the rating requirement of Instruction I(B)(2) to Form S-3, to the extent such rating is necessary.

TAMPA ELECTRIC COMPANY

BY: /s/ G.F. ANDERSON

G.F. Anderson,
Chairman of the Board
and Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned officers and directors of Tampa Electric Company, hereby severally constitute and appoint each of Gordon L. Gillette and Roger H. Kessel our true and lawful attorneys, with full power to them in any and all capacities, to sign any amendments to this Registration Statement on Form S-3 (including pre- and post-effective amendments), and any related Rule 462(b) registration statement or amendment thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated as of June 2, 1998.

Signature	Title
/s/ G.F. ANDERSON G.F. Anderson	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ G.L. GILLETTE G.L. Gillette	Vice President—Finance and Chief Financial Officer (Principal Financial Officer)
/s/ W.L. GRIFFIN W.L. Griffin	Vice President—Controller (Principal Accounting Officer)
/s/ C.D. AUSLEY C.D. Ausley	Director
/s/ S.L. BALDWIN S.L. Baldwin	Director

Signature	Title
/s/ H.L. CULBREATH H.L. Culbreath	Director
/s/ J.L. FERMAN, JR. J.L. Ferman, Jr.	Director
/s/ E.L. FLOM E.L. Flom	Director
/s H.R. GUILD, JR. H.R. Guild, Jr.	Director
/s/ T.L. RANKIN T.L. Rankin	Director
/s/ R.L. RYAN R.L. Ryan	Director
/s/ W.P. SOVEY W.P. Sovey	Director
/s/ J.T. TOUCHTON J.T. Touchton	Director
/s/ J.A. URQUHART J.A. Urquhart	Director
/s/ J.O. WELCH, JR. J.O. Welch, Jr.	Director

EXHIBIT INDEX

Exhibit No.	Description
*1.1	Form of Distribution Agreement for Debt Securities.
*1.2	Form of Underwriting Agreement for Debt Securities.
4.1	Form of Indenture to be dated as of June 1, 1998 between Tampa Electric Company and The Bank of New York, as trustee.
*4.2	Form of Floating Rate Note.
*4.3	Form of Fixed Rate Note.
5	Opinion of Palmer & Dodge LLP regarding the validity of the Debt Securities.
12	Computation of Ratio of Earnings to Fixed Charges. Filed as Exhibit 12 to the Company's Quarterly Report on Form 10-Q (No. 001-05007) for the quarter ended March 31, 1998 filed with the Commission on May 14, 1998 and incorporated herein by reference.
23.1	Consent of Coopers & Lybrand L.L.P.
23.2	Consent of Palmer & Dodge LLP (included in Exhibit 5).
24	Power of Attorney (contained on signature page).
25	Statement of Eligibility of Trustee on Form T-1.

* To be filed by amendment or incorporated by reference in connection with the offering of the securities.

EXHIBIT 4.1

Form of Indenture

Not reproduced at this tab because the Form of Indenture dated June 1, 1998 was superseded by the Form of Indenture dated July 1, 1998 filed as Exhibit 4.1 to Amendment No. 1 to this Registration Statement.

EXHIBIT 5

PALMER & DODGE LLP
ONE BEACON STREET
BOSTON, MASSACHUSETTS 02108

Telephone: (617) 573-0100 Facsimile: (617) 227-4420

June 2, 1998

Tampa Electric Company
TECO Plaza
702 North Franklin Street
Tampa, Florida 33602

We are rendering this opinion in connection with the Registration Statement on Form S-3 (the "Registration Statement") filed by Tampa Electric Company (the "Company") with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), on or about the date hereof relating to debt securities of the Company in an aggregate principal amount of $200,000,000 ("Debt Securities"). The Debt Securities are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act and issued pursuant to an Indenture to be dated as of June 1, 1998 (the "Indenture") between the Company and The Bank of New York, as trustee, the proposed form of which is filed as an exhibit to the Registration Statement.

We have acted as your counsel in connection with the preparation of the Registration Statement and are familiar with the proceedings taken by the Company in connection with the authorization, issuance and sale of the Debt Securities. We have examined all such documents as we consider necessary to enable us to render this opinion.

Based upon the foregoing, we advise you that, in our opinion, when the Registration Statement has become effective under the Securities Act, the Indenture relating to the Debt Securities has been duly authorized, executed and delivered, the terms of the Debt Securities and of their issuance and sale have been duly established in conformity with the Indenture so as not to violate any applicable law or result in a default under or breach of any agreement or instrument binding upon the Company and so as to comply with any requirement or restriction imposed by any court or governmental body having jurisdiction over the Company, and the Debt Securities have been duly executed and authenticated in accordance with the Indenture and issued and sold as contemplated in the Registration Statement, the Securities will constitute valid and legally binding obligations of the Company, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

We have relied as to certain matters on information obtained from public officials, officers of the Company and other sources believed by us to be responsible.

The opinion rendered herein is limited to the laws of the Commonwealth of Massachusetts and the federal laws of the United States. For purpose of our opinion as to the enforceability of the Indenture and the Debt Securities, we are rendering such opinion as though the laws of Massachusetts governed, notwithstanding the recitations in such instruments that the laws of another jurisdiction may govern.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm under the caption "Legal Matters" in the prospectus filed as part thereof.

Very truly yours,

/s/ Palmer & Dodge LLP
PALMER & DODGE LLP

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Tampa Electric Company on Form S-3 of our report dated Jan. 15, 1998 on our audits of the financial statements of Tampa Electric Company as of Dec. 31, 1997 and 1996, and for the years ended Dec. 31, 1997, 1996, and 1995, which report is included in Tampa Electric Company's 1997 Annual Report on Form 10-K. We also consent to the reference to our firm under the caption, "experts."

/s/ Coopers & Lybrand L.L.P

Tampa, Florida
June 2, 1998

EXHIBIT 25

Statement of Eligibility of Trustee on Form T-1

Not reproduced at this tab in order to avoid unnecessary duplication.

This item appears at Tab 8 to this Closing Binder.

Exhibit F

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

X Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 1997

OR

— Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 1-5007

TAMPA ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

FLORIDA	59-0475140
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
TECO Plaza 702 N. Franklin Street Tampa, Florida (Address of principal executive offices)	33602 (Zip Code)

Registrant's telephone number, including area code: (813)228-4111

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO —

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 28, 1998 was zero.

As of February 28, 1997, there were 10 shares of the registrant's common stock issued and outstanding, all of which were held, beneficially and of record, by TECO Energy, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

None

The registrant meets the conditions set forth in General Instruction (I) (1) (a) and (b) of Form 10-K and is therefore filing this form with the reduced disclosure format.

PART I

Item 1. BUSINESS.

Tampa Electric Company (the company) was incorporated in Florida in 1899 and was reincorporated in 1949. As a result of a restructuring in 1981, the company became a wholly owned subsidiary of TECO Energy, Inc. (TECO Energy), a diversified energy-related holding company.

In June 1997, TECO Energy acquired Lykes Energy, Inc. As part of this acquisition, Lykes' regulated gas distribution utility was merged into the company and now operates as the Peoples Gas System division of Tampa Electric Company (PGS). Also in June 1997, TECO Energy completed its acquisition of West Florida Natural Gas Company (West Florida Gas), a local distribution company, serving the Ocala and Panama City, Florida areas. West Florida Gas now operates as part of the Peoples Gas System division.

Tampa Electric Company is a public utility operating within the state of Florida and is engaged in the generation, purchase, transmission, distribution and sale of electric energy (Tampa Electric), and, through its Peoples Gas System division, in the purchase, distribution and marketing of natural gas for residential, commercial, industrial and electric power generation customers wholly in the State of Florida. The retail electric service territory comprises an area of about 2,000 square miles in west central Florida, including Hillsborough County and parts of Polk, Pasco and Pinellas Counties, and has an estimated population of over one million. The principal communities served are Tampa, Winter Haven, Plant City and Dade City. In addition, the company engages in wholesale sales to other utilities. Tampa Electric has three electric generating stations in or near Tampa, one electric generating station in southwestern Polk County, Florida, and two electric generating stations (one of which is on long-term standby) located near Sebring, a city located in Highlands County in south central Florida. Total net winter generating capability at Dec. 31, 1997 is 3,600 megawatts (MWs).

PGS, with 238,000 customers, has operations in Florida's major metropolitan areas. Annual natural gas throughput (the amount of gas delivered to its customers including transportation only service) in 1997 was 900 million therms.

Power Engineering & Construction, Inc. (PEC), a Florida corporation formed in late 1996, is a wholly owned subsidiary of Tampa Electric Company and is engaged in engineering and construction services with principal focus on non Tampa Electric electric power facilities. Operations of PEC in 1997 were not significant.

TAMPA ELECTRIC--Electric Operations

Tampa Electric had 2,771 employees as of Dec. 31, 1997, of which 1,123 were represented by the International Brotherhood of Electrical Workers (IBEW) and 306 by the Office and Professional Employees International Union.

In 1997, approximately 46 percent of Tampa Electric's total operating revenue was derived from residential sales, 27 percent from commercial sales, 9 percent from industrial sales and 18 percent from other sales including bulk power sales for resale.

The sources of electric operating revenue for 1997 were as follows:

(millions)	1997
Residential	$ 532.3
Commercial	326.7
Industrial-Phosphate	61.3
Industrial-Other	51.5
Other retail sales of electricity	85.0
Sales for resale	94.3
Deferred revenues	30.5
Other	7.6
	$1,189.2

No significant part of Tampa Electric's business is dependent upon a single customer or a few customers, the loss of any one or more of whom would have a significantly adverse effect on Tampa Electric, except for IMC-Agrico (IMCA), a large phosphate producer representing less than three percent of Tampa Electric's 1997 base revenues. In May 1996, IMCA issued a request for proposals (RFP) for electric power to serve load currently served by Tampa Electric and others.

In 1997, IMCA and Duke Energy Power Services (Duke) announced the results of IMCA's RFP and that they had signed a letter of intent for the construction of a natural gas fired combined cycle power plant with a minimum capacity of 240 megawatts to serve retail load currently served by Tampa Electric and two other utilities.

Tampa Electric and others objected to the proposed project on the grounds that it involved retail transactions within defined service areas that are prohibited under existing Florida regulation. Prior to an FPSC ordered evidentiary hearing to determine if the proposed project should be considered permitted self-generation or a prohibited retail sale, IMCA withdrew its petition. As a result, the status of the proposed project and the RFP process initiated by IMCA are unclear at this time. See further discussion on pages 15 and 16.

Tampa Electric's business is not a seasonal one, but winter peak loads are experienced due to fewer daylight hours and colder temperatures, and summer peak loads are experienced due to use of air conditioning and other cooling equipment.

Regulation

The retail operations of Tampa Electric are regulated by the Florida Public Service Commission (FPSC), which has jurisdiction over retail rates, the quality of service, issuances of securities, planning, siting and construction of facilities, accounting and depreciation practices and other matters.

In general, the FPSC's pricing objective is to set rates at a level that allows the utility to collect total revenues (revenue requirements) equal to its cost of providing service, including a reasonable return on invested capital.

The costs of owning, operating and maintaining the utility system, other than fuel, purchased power, conservation and certain environmental costs, are recovered through base rates. These costs include operation and maintenance expenses, depreciation and taxes, as well as a return on Tampa Electric's investment in assets used and useful in providing electric service (rate base). The rate of return on rate base, which is intended to approximate Tampa Electric's weighted cost of capital, includes its costs for debt and preferred stock, deferred income taxes at a zero cost rate and an allowed return on common equity. Base prices are determined in FPSC price setting hearings which occur at irregular intervals at the initiative of Tampa Electric, the FPSC or other parties.

Fuel, conservation, certain environmental and certain purchased power costs are recovered through levelized monthly charges established pursuant to the FPSC's fuel adjustment and cost recovery clauses. These charges, which are reset semi-annually (annually in the case of conservation cost recovery) in an FPSC hearing, are based on estimated costs of fuel, environmental compliance, conservation programs and purchased power and estimated customer usage for a specific recovery period, with a true-up adjustment to reflect the variance of actual costs from the projected charges.

The FPSC may disallow recovery of any costs that it considers imprudently incurred.

Tampa Electric is also subject to regulation by the Federal Energy Regulatory Commission (FERC) in various respects including wholesale power sales, certain wholesale power purchases, transmission services and accounting and depreciation practices.

Federal, state and local environmental laws and regulations cover air quality, water quality, land use, power plant, substation and transmission line siting, noise and aesthetics, solid waste and other environmental matters. See **Environmental Matters** on page 5.

TECO Transport Corporation (TECO Transport), TECO Coal Corporation (TECO Coal) and TECO Power Services Corporation (TECO Power Services), subsidiaries of TECO Energy, sell transportation services, coal, and generating capacity and energy, respectively, to Tampa Electric and to third parties. The transactions between Tampa Electric and these affiliates and the prices paid by Tampa Electric are subject to regulation by the FPSC and FERC, and any charges deemed to be imprudently incurred may not be allowed to be recovered from Tampa Electric's customers.

Competition

Tampa Electric's retail electric business is substantially free from direct competition with other electric utilities, municipalities and public agencies. At the present time, the principal form of competition at the retail level consists of natural gas for residences and businesses and the self-generation option available to larger users of electric energy. Such users may seek to expand their options through various initiatives including legislative and/or regulatory changes that would permit competition at the retail level. One such initiative, described on page 2, involves a proposed merchant power plant with part of the capacity claimed to be self generation. Tampa Electric intends to take all appropriate actions to retain and expand its retail business, including managing costs and providing high quality service to retail customers. Such action might, with the approval of the FPSC, include the use of load retention and/or economic development service contracts and tariffs to reduce the loss of existing load and/or acquire additional load.

There is presently active competition in the wholesale power markets in Florida, and this is increasing largely as a result of the Energy Policy Act of 1992 and related federal initiatives. This Act removed certain regulatory barriers to independent power producers and required utilities to transmit power from such producers, utilities and others to wholesale customers as more fully described below.

In April 1996, the Federal Energy Regulatory Commission (FERC) issued its Final Rule on Open Access Non-discriminatory Transmission, Stranded Costs, Open Access Same-time Information System (OASIS) and Standards of Conduct. These rules work together to open access for wholesale power flows on transmission systems. Utilities owning transmission facilities (including Tampa Electric) are required to provide services to wholesale transmission customers

comparable to those they provide to themselves on comparable terms and conditions including price. Among other things, the rules require transmission services to be unbundled from power sales and owners of transmission systems must take transmission service under their own transmission tariffs.

Transmission system owners are also required to implement an OASIS system providing, via the Internet, access to transmission service information (including price and availability), and to rely exclusively on their own OASIS system for such information for purposes of their own wholesale power transactions. To facilitate compliance, owners must implement Standards of Conduct to ensure that personnel involved in marketing of wholesale power are functionally separated from personnel involved in transmission services and reliability functions. Tampa Electric, together with other utilities, has implemented an OASIS system and believes it is in compliance with the Standards of Conduct.

In addition to these transmission developments at the federal level, there have been initiatives at the state level to facilitate the construction of merchant power plants, i.e. plants built on speculation with a portion or all of their capacity not subject to purchase agreements. Tampa Electric has opposed these efforts and it is uncertain at this time how the FPSC will proceed on this matter. See **Merchant Power Plants** on pages 15 and 16 for a further description of proposed projects and the issues they raise.

Fuel

About 98 percent of Tampa Electric's generation for 1997 was from its coal-fired units. About the same level is anticipated for 1998.

Tampa Electric's average fuel cost per million BTU and average cost per ton of coal burned for 1997 was as follows:

Average cost per million BTU:	**1997**
Coal	$ 1.97
Oil	$ 3.76
Gas	--
Composite	$ 2.01
Average cost per ton of coal burned	$44.50

Tampa Electric's generating stations burn fuels as follows: Gannon Station burns low-sulfur coal; Big Bend Station burns a combination of low-sulfur coal and coal of a somewhat higher sulfur content; Polk Power Station burns high-sulfur coal which is gasified; Hookers Point Station burns low-sulfur oil; Phillips Station burns oil of a somewhat higher sulfur content; and Dinner Lake Station, which was placed on long-term reserve standby in March 1994, burned natural gas and oil.

Coal. Tampa Electric burned approximately 8.1 million tons of coal during 1997 and estimates that its coal consumption will be about the same for 1998. During 1997, Tampa Electric purchased approximately 42 percent of its coal under long-term contracts with five suppliers, including the affiliate TECO Coal, and 58 percent of its coal in the spot market or under intermediate-term purchase agreements. About 12 percent of Tampa Electric's 1997 coal requirements were supplied by TECO Coal. During December 1997, the average delivered cost of coal (including transportation) was $42.27 per ton, or $1.88 per million BTU. Tampa Electric expects to obtain approximately 40 percent of its coal requirements in 1998 under long-term contracts with five suppliers, including TECO Coal, and the remaining 60 percent in the spot market or under intermediate-term purchase agreements. Tampa Electric estimates that about 9 percent of its 1998 coal requirements will be supplied by TECO Coal. Tampa Electric's long-term coal contracts provide for revisions in the base price to reflect changes in a wide range of cost factors and for suspension or reduction of deliveries if environmental regulations should prevent Tampa Electric from burning the coal supplied, provided that a good faith effort has been made to continue burning such coal.

In 1997, about 61 percent of Tampa Electric's coal supply was deep-mined, approximately 38 percent was surface-mined and one percent was a processed oil by-product known as petroleum coke. Federal surface-mining laws and regulations have not had any material adverse impact on Tampa Electric's coal supply or results of its operations. Tampa Electric, however, cannot predict the effect on the market price of coal of any future mining laws and regulations. Although there are reserves of surface-mineable coal dedicated by suppliers to Tampa Electric's account, high-quality coal reserves in Kentucky that can be economically surface-mined are being depleted and in the future more coal will be deep-mined. This trend is not expected to result in any significant additional costs to Tampa Electric.

Oil. Tampa Electric had supply agreements through Dec. 31, 1997 for No. 2 fuel oil and No. 6 fuel oil for its four combustion turbine units, Polk Station, Hookers Point Station and Phillips Station at prices based on Gulf Coast Cargo spot prices. Contracts for the supply of No. 2 and No. 6 fuel oil through Dec. 31, 1998 are expected to be finalized in early 1998. The price for No. 2 fuel oil deliveries taken in December 1997 was $24.37 per barrel, or $4.20 per million BTU. The average price for No. 6 fuel oil deliveries taken in December 1997 was $19.44 per barrel, or $3.08 per million BTU.

Franchises

Tampa Electric holds franchises and other rights that, together with its charter powers, give it the right to carry on its retail business in the localities it serves. The franchises are irrevocable and are not subject to amendment without the consent of Tampa Electric, although, in certain events, they are subject to forfeiture.

Florida municipalities are prohibited from granting any franchise for a term exceeding 30 years. If a franchise is not renewed by a municipality, the franchisee has the statutory right to require the municipality to purchase any and all property used in connection with the franchise at a valuation to be fixed by arbitration. In addition, all of the municipalities except for the cities of Tampa and Winter Haven have reserved the right to purchase Tampa Electric's property used in the exercise of its franchise, if the franchise is not renewed.

Tampa Electric has franchise agreements with 13 incorporated municipalities within its retail service area. These agreements have various expiration dates ranging from December 2005 to September 2021. Tampa Electric has no reason to believe that any of these franchises will not be renewed.

Franchise fees payable by Tampa Electric, which totaled $19.9 million in 1997, are calculated using a formula based primarily on electric revenues.

Utility operations in Hillsborough, Pasco, Pinellas and Polk Counties outside of incorporated municipalities are conducted in each case under one or more permits to use county rights-of-way granted by the county commissioners of such counties. There is no law limiting the time for which such permits may be granted by counties. There are no fixed expiration dates for the Hillsborough County and Pinellas County agreements. The agreements covering electric operations in Pasco and Polk counties expire well after the year 2000.

Environmental Matters

Tampa Electric's operations are subject to county, state and federal environmental regulations. The Hillsborough County Environmental Protection Commission and the Florida Environmental Regulation Commission are responsible for promulgating environmental regulations and coordinating most of the environmental regulation functions performed by the various departments of state government. The Florida Department of Environmental Protection (FDEP) is responsible for the administration and enforcement of the state regulations. The U.S. Environmental Protection Agency (EPA) is the primary federal agency with environmental responsibility.

Tampa Electric has all required environmental permits. In addition, monitoring programs are in place to assure compliance with permit conditions.

Tampa Electric Company has been identified as a potentially responsible party (PRP) for certain superfund sites. While the total costs of remediation at these sites may be significant, Tampa Electric shares potential liability with other PRPs, many of which have substantial assets. Accordingly, Tampa Electric expects that its liability in connection with these sites will not be significant. The environmental remediation costs associated with these sites are not expected to have a material impact on customer prices.

Expenditures. During the five years ended Dec. 31, 1997, Tampa Electric spent $161.9 million on capital additions to meet environmental requirements, including $106.9 million for the Polk Power Station project. Environmental expenditures are estimated at $6 million for 1998 and $4 million in total for 1999 through 2002. These totals exclude amounts required to comply with the 1990 amendments to the Clean Air Act.

Tampa Electric is complying with the Phase I emission limitations imposed by the Clean Air Act Amendments which became effective Jan. 1, 1995 by using blends of lower-sulfur coal, controlling stack emissions and owning emission allowances.

Tampa Electric is currently evaluating options to comply with Phase II sulfur dioxide emission standards set for the year 2000. The options include scrubbing additional capacity or switching to lower sulfur fuels. It is also evaluating options to comply with Phase II of the Clean Air Act Amendments for nitrogen oxide (NOx) reductions. These options include combustion modifications and retrofit control technology. Tampa Electric's capital expenditure estimates reflected in **Note I** on page 30 include $20 million for compliance with all Phase II requirements including NOx reductions. The actual level of required expenditures is uncertain at this time, however, it would be higher if the option of scrubbing additional capacity is chosen. In any event, Tampa Electric believes that the cost of compliance with Phase II, which would be reflected in customers' bills, is not expected to have a material impact on its prices.

In addition to recovering certain prudently incurred environmental costs through base rates, Tampa Electric may petition the FPSC for recovery of certain other environmental compliance costs on a current basis pursuant to a statutory environmental cost recovery procedure.

In 1997, Tampa Electric recovered $5.8 million of environmental compliance costs through the environmental cost recovery clause. These are costs incurred by Tampa Electric after April 1993 to comply with environmental regulations enacted, or which became effective subsequent to the test year of Tampa Electric's most recent full regulatory price setting proceeding but not included in current rates. Tampa Electric plans to seek continuing recovery of these types of costs through this clause until the next full regulatory price setting proceeding. Under the October 1996 agreement with the FPSC the earliest any such new prices could be in effect is in the year 2000.

PEOPLES GAS SYSTEM--Gas Operations

PGS is engaged in the purchase, distribution and marketing of natural gas for residential, commercial, industrial and electric power generation customers in the State of Florida. It has no gas reserves, but relies on two interstate pipelines to deliver gas to it for sale or other delivery to customers connected to its distribution system. Currently, PGS operates a distribution system that serves approximately 238,000 customers. The system includes approximately 6,900 miles of mains and over 4,700 miles of service lines.

Industrial and power generation customers consume approximately 70 percent of the company's annual therm volume. Commercial customers use approximately 23 percent with the balance consumed by residential customers.

While the residential market represents only a small percentage of total therm volume, residential operations generally comprise 23 percent of total revenues. New residential construction and conversions of existing residences to gas have steadily increased since the late 1980's.

Natural gas has historically been used in many traditional industrial and commercial operations throughout Florida, including production of products such as steel, glass, ceramic tile and food products. Gas climate control technology is expanding throughout Florida, and commercial/industrial customers including schools, hospitals, office complexes and churches are utilizing this new technology.

Within the PGS operating territory, large cogeneration facilities utilize gas technology in the production of electric power and steam. Over the past three years, the company has transported more than 500 million therms annually to facilities involved in cogeneration.

The sources of gas operating revenues for 1997 were as follows:

(millions)	1997
Residential	$ 56.3
Commercial	132.2
Interruptible	14.5
Transportation	27.1
Other revenues	19.5
Total	$249.6

PGS had 1,046 employees as of Dec. 31, 1997. A total of 179 employees in six of the company's 13 operating divisions are represented by various union organizations.

Regulation

The operations of PGS are regulated by the FPSC separate from the FPSC regulation of Tampa Electric's electric operations. The FPSC has jurisdiction over rates, service, issuance of certain securities, safety, accounting and depreciation practices and other matters.

In general, the FPSC's pricing objective is to set rates at a level that allows a utility such as PGS to collect total revenues (revenue requirements) equal to its cost of providing service, including a reasonable return on invested capital.

The basic costs, other than the costs of purchased gas and interstate pipeline capacity, of providing natural gas service are recovered through base rates, which are designed to recover the costs of owning, operating and maintaining the utility system. The rate of return on rate base, which is intended to approximate PGS' weighted cost of capital, includes its cost for debt, deferred income taxes at a zero cost rate, and an allowed return on common equity. Base prices are determined in FPSC proceedings that occur at irregular intervals at the initiative of PGS, the FPSC or other parties.

PGS recovers the charges (both reservation and usage) it pays for transportation of gas for system supply through the purchased gas adjustment charge. This charge is designed to recover the costs incurred by PGS for purchased gas, and for holding and using interstate pipeline capacity for the transportation of gas it sells to its customers. These charges, which are reset annually in an FPSC hearing, are based on estimated costs of purchased gas and pipeline capacity, and estimated customer usage for a specific recovery period, with a true-up adjustment to reflect the variance of actual costs and usage from the projected charges for prior periods.

PGS' tariff approved by the FPSC contains incentives for a transportation customer to maintain as close a balance as possible between estimated gas requirements (nominated gas) and gas actually used. These customers pay a set rate for the amount of gas nominated and a premium if the amount of gas actually used varies from the amount nominated by more than 5 percent. In contrast, system supply customers are billed monthly for the amount of gas actually consumed at the rates set forth in PGS' FPSC-approved tariff.

In addition to its base rates and purchased gas adjustment clause charges for system supply customers, PGS customers (except interruptible customers) also pay a per-therm charge for all gas consumed to recover the costs incurred by the company in developing and implementing energy conservation programs, which are mandated by Florida law and approved and supervised by the FPSC. The company is permitted to recover, on a dollar-for-dollar basis, expenditures

made in connection with these programs. PGS must demonstrate that the programs are cost effective for its ratepayers in order to obtain FPSC approval.

In June 1996, following informal workshops held in late 1995, the FPSC initiated a proceeding for the purpose of investigating the unbundling of natural gas services provided by PGS and other local distribution companies subject to the FPSC's regulatory jurisdiction. Although the proceeding was initially patterned after the FERC's proceedings which culminated in the issuance of FERC Order 636, the staff of the FPSC has indicated that the scope of the proceeding would be broader than those preceding Order 636.

The FPSC staff has issued a draft tariff which would allow all customers except residential the right to take transportation-only service and purchase gas from third parties. PGS is opposed to this proposal unless there is a showing of benefit to the general body of customers. It is unclear whether the FPSC staff action will lead to FPSC action requiring further unbundling.

In addition to economic regulation, PGS is subject to the FPSC's safety jurisdiction, pursuant to which the FPSC regulates the construction, operation and maintenance of PGS' distribution system. In general, the FPSC has implemented this by adopting the Minimum Federal Safety Standards and reporting requirements for pipeline facilities and transportation of gas prescribed by the U.S. Department of Transportation in Parts 191 and 192, Title 49, Code of Federal Regulations.

PGS is also subject to Federal, state and local environmental laws and regulations pertaining to air and water quality, land use, noise and aesthetics, solid waste and other environmental matters.

Competition

PGS is not in direct competition with any other regulated distributors of natural gas for customers within its service areas. At the present time, the principal form of competition for residential and small commercial customers is from companies providing other sources of energy and energy services.

In general, PGS faces competition from other energy source suppliers offering fuel oil, electricity and in some cases liquid propane gas. PGS has taken actions to retain and expand its commodity and transportation business, including managing costs and providing high quality service to customers.

Competition is most prevalent in the large commercial and industrial markets. In recent years, these classes of customers have been targeted by competing companies seeking to sell gas directly either using PGS facilities or transporting gas through other facilities, thereby bypassing PGS facilities. Many of these competitors are large natural gas marketers with a national presence.

Gas Supplies

Because PGS has no natural gas reserves, it relies on purchases of gas from various suppliers depending on the needs of its customers. The gas is delivered to the PGS distribution system, for further delivery by PGS to its customers, through two interstate pipelines on which PGS has reserved firm transportation capacity.

Gas is delivered by Florida Gas Transmission (FGT) through 40 interconnections (gate stations) serving PGS' operating divisions throughout the various metropolitan areas of Florida. In addition, PGS' Jacksonville Division receives gas delivered by the South Georgia Natural Gas Company (South Georgia) pipeline through a gate station located northwest of Jacksonville.

PGS has commitments for pipeline capacity with various transporters and with various expiration dates.

Companies with firm pipeline capacity receive priority in terms of the right to nominate and schedule deliveries during times when the pipeline is operating at its maximum capacity. PGS presently holds sufficient firm capacity to permit it to meet the gas requirements of its system supply customers except during localized emergencies affecting the PGS distribution system, and on extremely cold days, which have historically been rare in Florida.

Firm transportation rights on an interstate pipeline represent a right to use the amount of the capacity reserved, for transportation of gas up to the reserved amount, on any given day. PGS pays reservation charges on the full amount of the reserved capacity whether or not it actually uses such capacity on any given day. When the capacity is actually used, PGS pays a usage charge for the amount of the capacity actually used. The levels of the reservation and usage charges are regulated by FERC.

PGS procures natural gas supplies using base load and swing supply contracts distributed among various vendors along with spot market purchases. Pricing generally takes the form of either a variable price based on published indices, or a fixed price for the contract term.

The current supply portfolio consists of approximately 8 percent spot purchases, 17 percent swing purchases and 75 percent base load purchases.

PGS has one long-term supply contract that expires in 2002. This long-term contract has approximately 82 million therms remaining to purchase with a total cost of $18 million over the remaining years. The purchase price is $.22 per therm.

PGS occasionally faces situations when the demand of all of its customers for the delivery of gas cannot be met. Neither PGS nor any of its interconnected interstate pipelines has storage facilities. In these instances, it is necessary that PGS interrupt or curtail deliveries to its interruptible customers. In general, the largest of PGS' industrial customers are in the categories that are first curtailed in such situations. PGS' tariff and transportation agreements with these customers give PGS the right to divert these customers' gas to other higher priority users during the period of curtailment or interruption. PGS pays these customers for such gas at the price they paid their suppliers (if purchased by the customer under a contract with a term of five years or longer), or at a published index price (if purchased by the customer pursuant to a contract with a term less than five years), and in either case pays the customer for charges incurred for interstate pipeline transportation to the PGS system. In essence, gas being delivered into the PGS system for the accounts of large-volume transportation customers who are interrupted during these rare occasions represents a de facto form of storage on the PGS system.

Franchise

PGS holds franchise and other rights with 75 municipalities within its service area. These include the cities of Jacksonville, Daytona Beach, Eustis, Orlando, Lakeland, Tampa, St. Petersburg, Bradenton, Sarasota, Avon Park, Frostproof, Palm Beach Gardens, Pompano Beach, Fort Lauderdale, Hollywood, North Miami, Miami Beach, Miami, Panama City and Ocala. These agreements give PGS a right to conduct its retail business in the localities it serves. The franchises are irrevocable and are not subject to amendment without the consent of PGS, although in certain events, they are subject to forfeiture.

Municipalities are prohibited from granting any franchise for a term exceeding 30 years. If a franchise is not renewed by a municipality, the franchisee has the statutory right to require the municipalities to purchase any and all property used in connection with the franchise at a valuation to be fixed by arbitration. In addition, several of the municipalities have reserved the right to purchase PGS' property used in the exercise of its franchise, if the franchise is not renewed.

PGS' franchise agreements with the incorporated municipalities within its service area have various expiration dates ranging from April 1998 to September 2025. PGS has no reason to believe that any of these franchises will not be renewed.

Franchise fees payable by PGS, which totaled $7.7 million in 1997, are calculated using a formula based principally on revenues from the sale of gas.

Utility operations in areas outside of incorporated municipalities are conducted in each case under one or more permits to use county rights-of-way granted by the county commissioners of such counties. There is no law limiting the time for which such permits may be granted by counties. There are no fixed expiration dates and these rights are, therefore, considered perpetual.

Environmental Matters

PGS's operations are subject to federal, state and local statutes, rules and regulations relating to the discharge of materials into the environment and to the protection of the environment that require monitoring, permitting and ongoing expenditures. Those expenditures have not been prohibitive in the past, but the trend is toward stricter standards, greater regulation and more extensive permitting requirements.

PGS has been identified as a potentially responsible party for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, the company estimates its ultimate financial liability could be up to $15 million over the next ten years. PGS is permitted to recover costs of environmental remediation and cleanup associated with manufactured gas sites. The environmental remediation costs associated with these sites are not expected to have a material impact on customer prices.

To PGS' knowledge, it is in substantial compliance with applicable environmental laws, regulations, orders and rules.

Expenditures. During the five years ended Dec. 31, 1997, PGS has not incurred any material capital additions to meet environmental requirements, nor are any anticipated for 1998 through 2002.

PGS is allowed to recover certain prudently incurred environmental costs through rates charged to its customers.

Item 2. PROPERTIES.

The company believes that its physical properties are adequate to carry on its business as currently conducted. The properties are generally subject to liens securing long-term debt.

Electric Properties

At Dec. 31, 1997, Tampa Electric had five electric generating plants and four combustion turbine units in service with a total net winter generating capability of 3,600 MWS, including Big Bend (1,742-MW capability from four coal units), Gannon (1,180-MW capability from six coal units), Hookers Point (200-MW capability from five oil units), Phillips (34-MW capability from two diesel units), Polk (250-MW capability from one integrated gasification combined cycle unit (IGCC)) and four combustion turbine units located at the Big Bend and Gannon stations (194 MWS). The capability indicated represents the demonstrable dependable load carrying abilities of the generating units during winter peak periods as proven under actual operating conditions. Units at Hookers Point went into service from 1948 to 1955, at Gannon from 1957 to 1967, and at Big Bend from 1970 to 1985. The Polk IGCC unit began commercial operation in September 1996. In 1991, Tampa Electric purchased two power plants (Dinner Lake and Phillips) from the Sebring Utilities Commission (Sebring). Dinner Lake (11-MW capability from one natural gas unit) and Phillips were placed in service by Sebring in 1966 and 1983, respectively. In March 1994, Dinner Lake Station was placed on long-term reserve standby.

Tampa Electric owns 182 substations having an aggregate transformer capacity of 16,326,356 KVA. The transmission system consists of approximately 1,198 pole miles of high voltage transmission lines, and the distribution system consists of 6,894 pole miles of overhead lines and 2,625 trench miles of underground lines. As of Dec. 31, 1997, there were 525,236 meters in service. All of this property is located in Florida.

All plants and important fixed assets are held in fee except that title to some of the properties are subject to easements, leases, contracts, covenants and similar encumbrances and minor defects, of a nature common to properties of the size and character of those of Tampa Electric.

Tampa Electric has easements for rights-of-way adequate for the maintenance and operation of its electrical transmission and distribution lines that are not constructed upon public highways, roads and streets. It has the power of eminent domain under Florida law for the acquisition of any such rights-of-way for the operation of transmission and distribution lines. Transmission and distribution lines located in public ways are maintained under franchises or permits.

Tampa Electric has a long-term lease for its office building in downtown Tampa that serves as headquarters for TECO Energy, Tampa Electric and certain other TECO Energy subsidiaries.

Gas Properties

PGS' distribution system extends throughout the areas it serves in Florida, and consists of more than 11,600 miles of pipe, including approximately 6,900 miles of mains and over 4,700 miles of service lines.

PGS operating divisions are located in thirteen markets throughout Florida. While most of the facilities are owned, a small number of operations, storage and administrative facilities are leased.

Item 3. LEGAL PROCEEDINGS.

None.

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

All of the company's common stock is owned by TECO Energy and, therefore, there is no market for the stock.

The company pays dividends substantially equal to its net income applicable to common stock to TECO Energy. Such dividends totaled $145.9 million in 1997 and $145.0 million for 1996. See **Note C** on page 26 for a description of restrictions on dividends on the company's common stock.

Item 7. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS.

EARNINGS SUMMARY

The acquisitions of Peoples Gas System (PGS) and West Florida Natural Gas Company (West Florida) in June 1997, were accounted for as poolings of interests and, accordingly, the 1997 financial and operating data include the results of PGS and West Florida Gas, combined for the full year. The amounts presented for 1996 have been restated to reflect the merger with Peoples Gas System. However, prior year financial statements have not been restated to reflect the results of West Florida Natural Gas due to its size.

Net income for 1997 of $148.6 million declined 4 percent from 1996's restated results due primarily to an FPSC decision directing the regulatory treatment of two wholesale power sales contracts. Restated net income for 1996 of $155.5 million was 6 percent higher than in 1995 due primarily to continued growth in energy sales at Tampa Electric, lower operations and maintenance expenses, and higher levels of capitalized financing costs (AFUDC), associated with the investment in the Polk Power Station at Tampa Electric which entered commercial service in September 1996.

Operating income of $217.6 million for 1997 increased 11 percent from 1996 primarily due to the completion of Tampa Electric's Polk Unit One generating plant and its inclusion in rate base for earnings purposes. Operating income for 1996 increased 6 percent to $196.1 million from restated 1995's results, because of higher base electric revenues from retail customer growth, favorable weather and an improved economy together with lower operating and maintenance expenses and the inclusion of Polk Unit One in rate base for earnings purposes in the fourth quarter. Tampa Electric recorded essentially no AFUDC in 1997 compared to $22.9 million in 1996. AFUDC affects net income but not operating income.

Contributions by operating division
(millions)

Operating Income	1997	Change	1996	Change	1995
Tampa Electric (Electric operations)	$193.1	11.9%	$172.6	5.7%	$163.3
Peoples Gas division	24.5	4.3%	23.5	4.4%	22.5
Total	$217.6	11.0%	$196.1	5.5%	$185.8

TAMPA ELECTRIC -- ELECTRIC OPERATING RESULTS

In 1997, Tampa Electric's electric operations benefited from a strong local economy, good customer growth and continued cost control. Its 1997 operating income increased almost 12 percent, after the recognition of $30.5 million of previously deferred revenues to support the inclusion of Polk Unit One in rate base for earnings purposes.

Tampa Electric's 1996 operating income increased six percent over 1995 results even after the deferral of $34.2 million of revenues. Higher base revenues from retail customer growth, favorable weather and an improved economy together with lower operating expenses and the inclusion of Polk Unit One in rate base for earnings purposes in the fourth quarter contributed to the improvement.

Tampa Electric Results	1997	Change	1996	Change	1995
(millions)					
Revenues[1]	$1,189.2	6.8%	$1,112.9	1.9%	$1,092.3
Operating expenses	996.1	5.9%	940.3	1.2%	929.0
Operating income	$ 193.1	11.9%	$ 172.6	5.7%	$ 163.3

(1) 1997 revenues include the recognition of $30.5 million of previously deferred revenues. 1996 and 1995 revenues are net of $34.2 million and $50.8 million of deferred revenues, respectively.

Tampa Electric's 1997 operating revenues increased almost seven percent to $1.2 billion, after the recognition of $30.5 million of previously deferred revenues. The company benefited from customer growth of more than two percent and retail energy sales growth, despite mild weather, of one percent. The 1996 electric operating revenues, even after the deferral of $34.2 million of revenues, increased due to more than two percent customer growth and higher energy sales due to a colder than normal winter.

The economy in Tampa Electric's retail electric service area continued to grow in 1997 with increased employment from corporate relocations and expansions. Combined residential and commercial energy sales declined slightly in 1997, as the effects of mild weather more than offset the addition of over 12,000 new customers. Non-phosphate industrial sales increased in 1997 primarily due to the strong local economy and the shift of some commercial customers to the industrial classification to take advantage of new favorable Florida tax law changes on electricity used in manufacturing.

Sales to the phosphate industry increased in 1997 as production increased to meet continued strong domestic and international demand for phosphate products. Sales to the phosphate customer group represented less than four percent of base revenues in 1997.

Non-fuel revenues from sales to other utilities were $39 million in 1997 and $36 million in 1996. Non-fuel revenues increased in 1997 and 1996 due to a shift from broker system economy sales to longer-term, higher-margin wholesale power sales. Megawatt hours sold to other utilities decreased in 1997 primarily due to lower Tampa Electric generating unit availability.

An adverse FPSC decision in 1997 which required Tampa Electric to change its regulatory treatment of two wholesale power sales contracts, had the effect of reducing Tampa Electric Company's 1997 net income by about $6.5 million. The required treatment eliminates certain assets from retail rate base and shifts certain costs from retail to wholesale where they are not fully recovered. One of the contracts has been terminated and efforts are being made to mitigate the effects of the second. The impact of the remaining contract and the mitigation effort is not expected to have a material impact on 1998 results. As a result of the FPSC decision, Tampa Electric will concentrate its wholesale power sales efforts on energy broker and other short-term sales through 1999, and not on longer-term capacity contracts as in the past.

Tampa Electric megawatt-hour sales

(thousands)	1997	Change	1996	Change	1995
Residential	6,500	-1.6%	6,607	4.0%	6,352
Commercial[1]	4,901	1.8%	4,815	2.2%	4,710
Industrial[1]	2,466	7.0%	2,304	-2.4%	2,362
Other	1,223	1.7%	1,203	2.3%	1,176
Total retail	15,090	1.1%	14,929	2.3%	14,600
Sales for resale	3,160	-2.5%	3,241	19.8%	2,706
Total energy sold	18,250	0.4%	18,170	5.0%	17,306
Retail customers (average)	518.4	2.4%	506.0	2.2%	495.2

(1) Results reflect the shift of some commercial customers to the industrial classification to take advantage of new favorable Florida tax law changes on electricity used in manufacturing. This does not affect Tampa Electric's revenues.

Non-fuel operations and maintenance expenses rose almost six percent, reflecting a full year of operations of Polk Unit One and increased generating unit maintenance. Improved efficiency and the continued focus on aggressive cost management throughout the company limited other operations expense increases. Absent increased generating unit maintenance expense, operations and maintenance expense in all other areas increased less than one percent. Non-fuel operations and maintenance expenses declined in 1996 due to the continuing focus on managing costs in all areas of the company.

In September 1996, Tampa Electric completed the construction of the 250-megawatt, state-of-the-art, clean-coal technology Polk Unit One. The addition of this facility was the primary cause of increased non-fuel operating expenses in 1997. During the first three years of operations a total of $28 million from the U. S. Department of Energy (DOE) is available to partially offset a significant portion of the non-fuel operations and maintenance expenses. The FPSC has allowed full recovery of the capital costs incurred in the construction of plant as described in the **Utility Regulation** section.

Operating expenses (millions)	1997	Change	1996	Change	1995
Other operating expenses	$165.1	.5%	$164.2	.6%	$163.3
Maintenance	78.2	19.4%	65.5	-5.9%	69.6
Depreciation	141.4	17.6%	120.2	6.1%	113.3
Taxes-federal and state income	78.5	10.1%	71.3	7.7%	66.2
Taxes, other than income	91.8	5.5%	87.0	-1.0%	87.9
Operating expenses	555.0	9.2%	508.2	1.6%	500.3
Fuel	373.4	-2.5%	383.1	-.3%	384.3
Purchased power	67.7	38.2%	49.0	10.4%	44.4
Total fuel cost	441.1	2.1%	432.1	.8%	428.7
Total operating expenses	$996.1	5.9%	$940.3	1.2%	$929.0

Depreciation expense increased $21 million in 1997 due to normal plant additions to serve the growing customer base and a full year of service of Polk Unit One. Depreciation expense in 1996 increased from normal plant additions and the fourth quarter addition of Polk Unit One. Depreciation expense is projected to rise moderately for the next several years due to normal utility plant additions.

Income tax expense increased in 1997 reflecting higher pretax income and the effect of lower AFUDC on equity funds at Tampa Electric. Income tax expense increased in 1996 primarily from increases in pretax income.

Changes in taxes other than those on income reflected the property taxes associated with Polk Unit One in 1997. Higher state gross receipts taxes and franchise fees associated with higher energy sales and changes in property values in 1996 were offset by decreases in payroll related taxes.

Total fuel cost increased by two percent in 1997 due to higher energy sales and a larger proportion of purchased power, a component of total fuel cost, as a result of lower generating unit availability. In 1996, total fuel cost was less than one percent higher than in 1995 despite a five-percent increase in total energy sales. The success in controlling fuel cost is a result of Tampa Electric's use of lower-priced coals and the mix in operating generating units. Average coal costs, on a cents-per-million BTU basis, declined more than two percent in 1997 after a six-percent decrease in 1996.

Purchased power increased in 1997 due to lower generating unit availability. In 1996, purchased power increased primarily to meet weather-related demand. Substantially all fuel and purchased power expenses were recovered through the fuel adjustment clause.

PEOPLES GAS SYSTEM OPERATING RESULTS

Peoples Gas System's operating income of $24.5 million was 4 percent higher than in 1996, the result of the acquisition of West Florida Natural Gas. The 1996 results reflect increases in residential and commercial volumes from 1995 due to weather.

Peoples Gas System Results (1) (millions)	1997	Change	1996	Change	1995
Revenues	$249.5	-3.5%	$258.6	17.2%	$220.6
Cost of gas sold	119.6	-8.1%	130.1	32.1%	98.5
Operating expenses	105.4	.4%	105.0	5.3%	99.6
Operating income	$ 24.5	4.3%	$ 23.5	4.4%	$ 22.5
Therms sold (millions)	1997	Change	1996	Change	1995
Residential	48.9	1.5%	48.2	11.1%	43.4
Commercial	207.8	-11.6%	235.1	2.2%	230.0
Industrial	35.9	-39.2%	59.0	-26.0%	79.7
Transportation	607.2	21.5%	499.8	-19.7%	622.6
Total	899.8	6.9%	842.1	-13.7%	975.7
Customers (thousands)	234.7	16.0%	202.4	2.7%	197.1

(1) Excludes the revenues and expenses for 1996 and 1995 of West Florida Gas. Excludes approximately 28,000 customers and 57.5 million therms in 1996 and 28,000 customers and 50.1 million therms in 1995 of West Florida Gas.

Residential gas sales increased in 1997 due to the additional volume from West Florida Gas, which was partially offset by a mild 1997 winter after high levels of gas sales in 1996. The 1995-1996 winter was one of the coldest in Florida history.

PGS sales volumes and revenues are subject to seasonal fluctuations. Typically sales volumes are higher during the winter months reflecting greater demand for residential space heating, and revenues are higher reflecting both increased demand and higher demand-driven natural gas prices. Changes in the cost of gas sold are reflected in customers' bills through the FPSC-approved Purchased Gas Adjustment clause.

In 1997, residential customers represented 89 percent of customers, used five percent of total gas and contributed 34 percent of non-fuel revenues; commercial customers represented 10 percent of customers, used 23 percent of total gas and contributed 53 percent of non-fuel revenues.

Gas sales to large commercial and industrial customers have decreased as these customers shifted to increased use of transportation only services. Large industrial and power generation customers are permitted under current regulation to purchase natural gas directly from gas marketers, with PGS providing gas delivery at transportation only rates. Deliveries to these customers can vary significantly from year to year due to price and availability of gas compared to prices for other fuels that may be substituted for natural gas. In 1997, large industrial and transportation customers represented one percent of the customers, used 72 percent of total gas transported and contributed 13 percent of non-fuel revenues.

Transportation volumes increased in 1997 due to the addition of West Florida Gas and the conversion of some large commercial customers to transportation only service. Transportation gas volumes decreased significantly in 1996 due to a power generation customer decreasing gas usage and the scheduled removal from the system of a cogeneration customer.

PGS is focused on cost control and held operating expenses flat in 1997 despite the addition of West Florida Gas. Additional operating expense savings are expected in 1998 as a result of merger related synergies, mainly from the elimination of duplicative overhead and administrative activities, as well as improved operating efficiencies and lower interest costs.

Operating expenses increased in 1996 over 1995 due to the implementation of an incentive compensation program for employees and higher depreciation on normal additions to property, plant and equipment.

NON-OPERATING ITEMS

Other Income (Expense)

The dividend requirement for Tampa Electric preferred stock, included in Other Income (Expense), declined in 1996 and 1997 reflecting the redemption of all outstanding preferred stock.

Allowance for other funds used during construction (AFUDC) was $.1 million in 1997 and $16.5 million in 1996.

Interest Charges

Interest charges were $66.4 million in 1997, up 16.5 percent, reflecting lower AFUDC on borrowed funds at Tampa Electric. In 1996, interest charges were $57.0 million, up nine percent from 1995 primarily due to the expiration of an interest rate swap agreement.

ENVIRONMENTAL COMPLIANCE

Tampa Electric Company is subject to various environmental regulations and believes it is substantially in compliance with the currently applicable standards of the various environmental enforcement agencies and that potential environmental liabilities are not material.

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas System division, for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, Tampa Electric Company estimates its ultimate financial liability could be up to $15 million over the next ten years. The environmental remediation costs associated with these sites are not expected to have a material impact on customer prices.

Tampa Electric is complying with the Phase I emission limitations imposed by the Clean Air Act Amendments which became effective Jan. 1, 1995 by using blends of lower-sulfur coal, controlling stack emissions and using emission allowances.

Tampa Electric is currently evaluating options to comply with Phase II sulfur dioxide emission standards set for the year 2000. The options include adding a scrubber or switching to lower sulfur fuels. It is also evaluating options to comply with Phase II of the Clean Air Act Amendments for nitrogen oxide (NOx) reductions. These options include combustion modifications and retrofit control technology. While Tampa Electric's capital expenditure estimates for the 1999-2002 period include $20 million for compliance with all Phase II requirements including NOx reductions, the actual level of required expenditures is uncertain at this time. Tampa Electric believes that the cost of compliance with Phase II, which would be reflected in customers' bills, is not expected to have a material impact on its prices.

UTILITY REGULATION

Return on Equity (ROE) and Other Regulatory Agreements:

Rate Stabilization Strategy

Building on an FPSC approved agreement in 1994, Tampa Electric's objective has been to place the Polk Power Station in service without increasing the total price for electric service while earning a fair return. To meet this objective the company took action to significantly reduce costs. Another key component of the strategy to accomplish this objective was the deferral and subsequent recognition of revenues. With the agreements approved by the FPSC in 1995 and 1996, the objectives of stabilizing prices through 1999 and securing fair earnings opportunities during this period are being accomplished.

1995

In 1995, the FPSC approved a plan submitted by Tampa Electric to defer revenues for 1995. Under this plan Tampa Electric's allowed ROE increased to an 11.75 percent midpoint with a range of 10.75 percent to 12.75 percent. For 1995 an initial $15 million of revenues were deferred as well as 50 percent of actual revenues in excess of a ROE of 11.75 percent up to a net earned ROE of 12.75 percent and all actual revenues above a ROE of 12.75 percent. In 1995 Tampa Electric deferred $50.8 million of revenues under this plan. The deferred revenues accrue interest at the 30-day commercial paper rate as specified in the Florida Administrative Code.

Also as part of this plan, Tampa Electric's oil backout tariff was eliminated Jan. 1, 1996, an annual revenue reduction of approximately $12 million.

1996 - 1999

In **May 1996**, the FPSC issued an order approving an agreement among Tampa Electric, the Florida Office of Public Counsel (OPC) and the Florida Industrial Power Users Group (FIPUG) on a multi-year base rate freeze and refund plan. Under this plan, base rates were frozen through 1998 and Tampa Electric's customers received a $25-million refund over 12 months starting in October 1996. The refund consisted of $10 million of revenues deferred from 1995 and $15 million of 1996 revenues.

In addition, the agreement set forth a multi-year plan for allocating revenues based on Tampa Electric's ROE. For the years 1996 through 1998 Tampa Electric retains all revenues contributing to a ROE up to 11.75 percent. Any additional revenues will be allocated according to a formula.

In 1996, 40 percent of any actual revenues contributing to a ROE in excess of 11.75 percent were included in 1996 revenues. The remaining 60 percent were deferred for use in 1997 and 1998.

In 1997, 40 percent of any revenues that contributed to a ROE in excess of 11.75 percent up to 12.75 percent were included in revenues. The remaining 60 percent were deferred for use in 1998 as were any revenues contributing to a ROE in excess of 12.75 percent. The same 40 percent allocation will be made in 1998 after taking into account any deferred revenues not used in previous years. The remaining 60 percent, as well as any revenues contributing to a ROE in excess of 12.75 percent will be refunded to customers in 1999.

Under these agreements $34.2 million of 1996 revenues were deferred. Approximately $60 million of revenues deferred from 1996 and 1995 plus $8 million of interest, after the effect of the $25-million refund, were available for use in 1997 and 1998. Tampa Electric recognized $30.5 million in 1997 and is expected to recognize up to $39 million of previously deferred revenues in 1998.

In **October 1996**, the FPSC unanimously approved an agreement among Tampa Electric, OPC and FIPUG that resolved all pending regulatory issues associated with the Polk Power Station. The agreement allows the full recovery of the capital costs incurred in the Polk Power Station project. The agreement also calls for an extension of the base rate freeze established in the May agreement through 1999. Tampa Electric has the option of filing an application with the FPSC on or after July 1, 1999 for authorization to adjust base rates after Jan. 1, 2000.

Under the October 1996 agreement, the $25-million refund established in the May 1996 agreement remained intact and, in addition, customers began receiving a $25-million temporary base rate reduction reflected as a credit on customer bills over a 15-month period beginning Oct. 1, 1997. This temporary base rate reduction will be netted against any refunds that otherwise might have been made in 1999 under the May agreement.

In 1999, 60 percent of the revenues contributing to a ROE in excess of 12.0 percent will be refunded to customers in 2000 along with any 1999 revenues which contribute to a ROE above 12.75 percent.

Tampa Electric agreed to remove from rate base the $5-million investment made in land at Port Manatee. This land has value for uses other than as a power plant site, and will continue to be recorded as an asset of Tampa Electric. In 1990 a citizens task force recommended using previously mined land in Polk County over the Manatee site as the preferred location for the Polk Power Station.

Tampa Electric's results under these agreements are subject to FPSC review and audit.

Wholesale Power Sales Contracts

In September, the FPSC ruled that costs associated with two long-term, wholesale power sales contracts should be assigned to the wholesale jurisdiction and that for retail rate making purposes, the costs transferred from retail to wholesale should reflect average costs rather than the lower incremental costs on which the two contracts are based. As a result of this decision and the related reduction of the retail rate base upon which Tampa Electric is allowed to earn a return, these contracts became uneconomic.

Environmental Cost Recovery Clause

In 1997, Tampa Electric recovered $5.8 million of environmental compliance costs through the environmental cost recovery clause. These are costs incurred by Tampa Electric after April 1993 to comply with environmental regulations enacted, or which became effective subsequent to the test year of Tampa Electric's most recent full regulatory price setting proceeding but not included in current rates. Tampa Electric will continue to seek recovery of these types of costs through this clause until the next full regulatory price setting proceeding. Under the October 1996 agreement the earliest any such new prices could be in effect is in the year 2000.

Utility Competition: Electric

Tampa Electric's retail electric business is substantially free from direct competition with other electric utilities, municipalities and public agencies. At the present time, the principal form of competition at the retail level consists of natural gas for residences and businesses and the self-generation option available to larger users of electric energy. Such users may seek to expand their options through various initiatives including legislative and/or regulatory changes that would permit competition at the retail level. One such initiative, described below, involves a proposed merchant power plant with a claimed self generation use. Tampa Electric intends to take all appropriate actions to retain and expand its retail business, including managing costs and providing high quality service to retail customers. Such action might, with the approval of the FPSC, include the use of load retention and/or economic development service contracts and tariffs to reduce the loss of existing load and/or acquire additional load.

There is presently active competition in the wholesale power markets in Florida, and this is increasing largely as a result of the Energy Policy Act of 1992 and related federal initiatives. This Act removed certain regulatory barriers to independent power producers and required utilities to transmit power from such producers, utilities and others to wholesale customers as more fully described below.

In April 1996, the Federal Energy Regulatory Commission (FERC) issued its Final Rule on Open Access Non-discriminatory Transmission, Stranded Costs, Open Access Same-time Information System (OASIS) and Standards of Conduct. These rules work together to open access for wholesale power flows on transmission systems. Utilities owning transmission facilities (including Tampa Electric) are required to provide services to wholesale transmission customers comparable to those they provide to themselves on comparable terms and conditions including price. Among other things, the rules require transmission services to be unbundled from power sales and owners of transmission systems must take transmission service under their own transmission tariffs.

Transmission system owners are also required to implement an OASIS system providing, via the Internet, access to transmission service information (including price and availability), and to rely exclusively on their own OASIS system for such information for purposes of their own wholesale power transactions. To facilitate compliance, owners must implement Standards of Conduct to ensure that personnel involved in marketing of wholesale power are functionally separated from personnel involved in transmission services and reliability functions. Tampa Electric, together with other utilities, has implemented an OASIS system and believes it is in compliance with the Standards of Conduct.

Merchant Power Plants

In a 1997 FPSC informational workshop to address long range power supply planning, questions were raised as to whether merchant power plants, i.e plants built on speculation with a portion or all of their capacity not subject to purchase agreements, could or should be permitted to serve growing customer demand for electricity. Subsequently, utilities, cogeneration/independent power producers and power marketers presented views before the FPSC on the applicability of existing law and regulations to merchant power plants.

Tampa Electric presented its position that only utilities or entities with contracts to serve the long term needs of an individual utility could legally be applicants under the Florida Power Plant Siting Act (PPSA). The PPSA governs the building of new generation and requires the applicant to demonstrate that a plant is needed prior to receiving construction and operating permits.

In subsequent declaratory statement proceedings addressing specifically a proposed Duke/TMCA power plant discussed below, and a project with a municipal utility, proposed by Duke, the FPSC denied Duke's petitions and determined that the issue of the ability of merchant power plants to be applicants under the PPSA needed to be addressed in a more inclusive proceeding. It is uncertain at this time whether or how the FPSC will proceed on this issue.

In 1997, IMCA and Duke announced that they had signed a letter of intent for the construction of a natural gas fired combined cycle power plant with a minimum capacity of 240 megawatts to serve retail load currently served by Tampa Electric and two other utilities, and the merchant wholesale function described above.

Tampa Electric and others objected to the proposed project on the ground that it involved retail transactions within defined service areas that are prohibited under existing Florida regulation. Prior to an FPSC-ordered evidentiary hearing to determine if the proposed project should be considered permitted self-generation or a prohibited retail sale, IMCA withdrew its petition. As a result, the status of the proposed project is unclear at this time.

If the Duke/IMCA project or similar projects by others is successfully pursued there would be an adverse effect on Tampa Electric's retail operations, with some likely cost shifting to other retail customers. Likewise, if necessary regulatory or legislative actions are taken that result in the construction of wholesale merchant power plants, Tampa Electric's wholesale operations would be adversely affected.

Utility Competition: Gas

PGS is not in direct competition with any other regulated distributors of natural gas for customers within its service areas. At the present time, the principal form of competition for residential and small commercial customers is from companies providing other sources of energy and energy services.

Competition is most prevalent in the large commercial and industrial markets. In recent years, these classes of customers have been targeted by companies seeking to sell gas directly either using PGS facilities or transporting gas through other facilities, thereby bypassing PGS facilities. In response to this competition, various programs have been developed by PGS including the provision of transportation services at discounted rates.

In general, PGS faces competition from other energy source suppliers offering fuel oil, electricity and in some cases liquid propane gas. PGS has taken actions to retain and expand its commodity and transportation business, including managing costs and providing high quality service to customers.

Purchased Gas Adjustment

Changes in the cost of gas sold are passed along to customers through the FPSC approved Purchased Gas Adjustment (PGA) clause.

Gas Unbundling

In some areas of the country, gas service for large customers has become unbundled, with these customers able to choose a third party supplier of the gas commodity and to secure from the distribution company transportation-only service. PGS is already largely unbundled with 60 percent of the system throughput coming from third-party suppliers.

The FPSC staff has issued a draft tariff which would allow all customers, except residential, the right to take transportation-only service and purchase gas from third parties. PGS is opposed to this proposal unless there is a showing of benefit to the general body of customers. It is unclear whether the FPSC staff action will lead to FPSC action requiring further unbundling.

FINANCING ACTIVITY

In July 1997, Tampa Electric retired all of its outstanding shares of cumulative preferred stock at per share redemption prices of $103.75 for Series A, $102.875 for Series B and $101.00 for Series D. In April 1996 Tampa Electric retired Series E and Series F preferred stock at redemption prices of $102.00 and $101.00, respectively.

In 1997, PGS redeemed $16 million of long-term debt assumed in the West Florida Natural Gas merger.

Derivatives and Hedging Policy

During 1997, Peoples Gas System entered into natural gas options contracts, from time to time, to limit its exposure to gas price increases. Tampa Electric Company does not use derivatives or other financial products for speculative purposes.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial Statement Schedules have been omitted since they are not required, are inapplicable or the required information is presented in the financial statements or notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
of Tampa Electric Company,

We have audited the accompanying balance sheets and statements of capitalization of Tampa Electric Company, (a wholly owned subsidiary of TECO Energy, Inc.) as of Dec. 31, 1997 and 1996, and the related statements of income, cash flows and retained earnings for each of the three years in the period ended Dec. 31, 1997. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tampa Electric Company as of Dec. 31, 1997 and 1996, and the results of its operations and its cash flows for each of the three years in the period ended Dec. 31, 1997, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Tampa, Florida
Jan. 15, 1998

STATEMENTS OF INCOME
(millions)

Year ended Dec. 31,	1997	1996	1995
Operating Revenues			
Electric	$1,189.2	$1,112.9	$1,092.2
Gas	249.5	258.6	220.6
	1,438.7	1,371.5	1,312.8
Operating Expenses			
Operation			
Fuel	373.4	383.1	384.3
Purchased power	67.7	49.0	44.4
Natural gas sold	119.6	130.1	98.5
Other	215.7	216.9	215.1
Maintenance	83.4	70.3	74.4
Depreciation	161.2	137.4	129.5
Taxes-Federal and state income	87.5	79.9	74.2
Taxes-Other than income	112.6	108.7	106.6
	1,221.1	1,175.4	1,127.0
Operating Income	217.6	196.1	185.8
Other Income (Expense)			
Allowance for other funds used during construction	.1	16.5	13.7
Other income (expense), net	(2.7)	(.1)	(.5)
	(2.6)	16.4	13.2
Income before interest charges	215.0	212.5	199.0
Interest Charges			
Interest on long-term debt	50.7	46.5	45.5
Other interest	15.8	16.9	12.4
Allowance for borrowed funds used during construction	(.1)	(6.4)	(5.6)
	66.4	57.0	52.3
Net Income	148.6	155.5	146.7
Preferred dividend requirements	.5	1.8	3.6
Balance Applicable to Common Stock	$ 148.1	$ 153.7	$ 143.1

The accompanying notes are an integral part of the financial statements.

BALANCE SHEETS
(millions)

Assets

Dec. 31,	1997	1996
Property, Plant and Equipment, At Original Cost		
Utility plant in service		
Electric	$3,632.0	$3,536.6
Gas	471.1	410.4
Construction work in progress	40.6	40.2
	4,143.7	3,987.2
Accumulated depreciation	(1,595.3)	(1,456.7)
	2,548.4	2,530.5
Other property	6.5	6.0
	2,554.9	2,536.5
Current Assets		
Cash and cash equivalents	2.8	3.5
Receivables, less allowance for uncollectibles	161.4	162.0
Inventories, at average cost		
Fuel	69.5	57.0
Materials and supplies	45.6	42.9
Prepayments	7.3	4.9
	286.6	270.3
Deferred Debits		
Unamortized debt expense	17.5	18.3
Deferred income taxes	112.2	102.9
Regulatory asset-tax related	41.8	44.8
Other	85.9	53.1
	257.4	219.1
	$3,098.9	$3,025.9

Liabilities and Capital

Capital		
Common stock	$ 972.1	$ 961.7
Retained earnings	289.6	285.7
	1,261.7	1,247.4
Preferred stock, redemption not required	--	20.0
Long-term debt, less amount due within one year	727.1	740.2
	1,988.8	2,007.6
Current Liabilities		
Long-term debt due within one year	4.1	3.8
Notes payable	219.1	98.6
Accounts payable	118.4	153.7
Customer deposits	77.3	77.0
Interest accrued	18.7	15.9
Taxes accrued	8.5	11.9
	446.1	360.9
Deferred Credits		
Deferred income taxes	415.6	382.4
Investment tax credits	49.7	53.8
Regulatory liability-tax related	77.0	80.6
Other	121.7	140.6
	664.0	657.4
	$3,098.9	$3,025.9

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
(millions)

Year ended Dec. 31,	1997	1996	1995
Cash Flows from Operating Activities			
Net income	$ 146.6	$ 155.5	$ 146.7
Adjustments to reconcile net income to net cash			
Depreciation	161.2	137.4	129.5
Deferred income taxes	21.1	9.4	(12.3)
Investment tax credits, net	(4.7)	(4.7)	(4.8)
Allowance for funds used during construction	(.2)	(22.9)	(19.3)
Deferred clause revenues (expenses)	2.7	7.4	(17.9)
Deferred revenue	(30.5)	34.2	50.8
Coal contract buyout	2.7	2.7	2.0
Refund to customers	(19.8)	(6.0)	--
Receivables, less allowance for uncollectibles	2.7	(10.0)	(19.9)
Inventories	(15.2)	10.8	24.6
Taxes accrued	(3.5)	(8.4)	16.0
Accounts payable	(15.0)	(15.9)	10.4
Other	(26.0)	6.6	29.2
	224.1	296.1	335.0
Cash Flows from Investing Activities			
Capital expenditures	(155.3)	(229.3)	(360.5)
Allowance for funds used during construction	.2	22.9	19.3
Investment in short-term investments	--	--	(.2)
	(155.1)	(206.4)	(341.4)
Cash Flows from Financing Activities			
Proceeds from contributed capital from parent	5.0	83.0	76.0
Proceeds from long-term debt	--	78.1	2.6
Repayment of long-term debt	(16.7)	(26.3)	(2.0)
Net borrowings (payments) under credit lines	(10.0)	--	5.0
Net increase (decrease) in short-term debt	118.9	(45.9)	50.7
Redemption of preferred stock	(20.4)	(35.5)	--
Dividends	(146.5)	(147.1)	(128.8)
	(69.7)	(93.7)	3.5
Net decrease in cash and cash equivalents	(.7)	(4.0)	(2.9)
Cash and cash equivalents at beginning of year	3.5	7.5	10.4
Cash and cash equivalents at end of year	$ 2.8	$ 3.5	$ 7.5
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for:			
Interest	$ 57.1	$ 48.6	$ 49.9
Income taxes	$ 85.3	$ 91.1	$ 76.7

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF RETAINED EARNINGS
(millions)

Year ended Dec. 31,	1997	1996	1995
Balance, Beginning of Year	$285.7	$277.3[1]	$260.5
Add-Net income	148.6	155.5	146.7
West Florida Natural Gas Merger	2.3	--	--
	436.6	432.8	407.2
Deduct-			
Cash dividends on capital stock			
Preferred	.6	2.1	3.6
Common	145.9	145.0	125.2
Other - adjustment	.5	--	--
	147.0	147.1	128.8
Balance, End of Year	$289.6	$285.7	$278.4

(1) The Retained Earnings balance was reduced by $1.1 million related to the retirement of preferred stock Series E and F on April 29, 1996.

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CAPITALIZATION

	Current Redemption Price	Capital Stock Outstanding Dec. 31, 1997 Shares	Capital Stock Outstanding Dec. 31, 1997 Amount[2]	Cash Dividends Paid in 1997[1] Per Share	Cash Dividends Paid in 1997[1] Amount[2]
Common stock-Without par value					
25 million shares authorized	N/A	10	$972.1	N/A	$145.9

Preferred Stock-$100 Par Value
1.5 million shares authorized, none outstanding.[3]
Preferred Stock - no Par
2.5 million shares authorized, none outstanding.
Preference Stock - no Par
2.5 million shares authorized, none outstanding.

(1) Quarterly dividends paid on Feb. 15, May 15, Aug. 15 and Nov. 15.
(2) Millions.
(3) In July 1997, Tampa Electric retired all of its outstanding shares ($20 million aggregate par value) of 4.32% Series A, 4.16% Series B and 4.58% Series D preferred stock at redemption prices of $103.75, $102.875 and $101.00 per share, respectively.

Cash dividends paid in 1997 were $0.2 million, $0.1 million and $0.3 million for Series A, Series B and Series D, respectively. These amounts reflect dividends paid through July 16, 1997, the date that these series were redeemed.

STATEMENTS OF CAPITALIZATION (continued)

Long-Term Debt Outstanding at Dec. 31,	Due	1997	1996
Tampa Electric			
First mortgage bonds (issuable in series):			
7 3/4%	2022	$ 75.0	$ 75.0
5 3/4%	2000	80.0	80.0
6 1/8%	2003	75.0	75.0
Installment contracts payable[2]			
5 3/4%	2007	23.8	24.1
7 7/8% Refur. ding bonds[3]	2021	25.0	25.0
8% Refunding bonds[3]	2022	100.0	100.0
6 1/4% Refunding bonds[4]	2034	86.0	86.0
5.85%	2030	75.0	75.0
Variable rate: 3.55% for 1997 and 3.56% for 1996[1]	2025	51.6	51.6
Variable rate: 3.45% for 1997 and 3.43% for 1996[1]	2018	54.2	54.2
Variable rate: 3.78% for 1997 and 3.67% for 1996[1]	2020	20.0	20.0
		665.6	665.9
Peoples Gas System			
Senior Notes[5]			
10.35%	2007	7.4	8.0
10.33%	2008	9.2	9.4
10.3%	2009	9.4	9.6
9.93%	2010	9.6	9.8
8.0%	2012	33.5	35.0
Variable rate long term revolving credit note:			
6.07% for 1996[1]	2001	--	10.0
		69.1	81.8
Unamortized debt premium (discount), net		(3.5)	(3.7)
		731.2	744.0
Less amount due within one year[6]		4.1	3.8
Total long-term debt		$ 727.1	$ 740.2

(1) Composite year-end interest rate.
(2) Tax-exempt securities.
(3) Proceeds of these bonds were used to refund bonds with interest rates of 11 5/8% - 12 5/8%. For accounting purposes, interest expense has been recorded using blended rates of 8.28%-8.66% on the original and refunding bonds, consistent with regulatory treatment.
(4) Proceeds of these bonds were used to refund bonds with an interest rate of 9.9% in February 1995. For accounting purposes, interest expense has been recorded using a blended rate of 6.52% on the original and refunding bonds, consistent with regulatory treatment.
(5) These long-term debt agreements contain various restrictive covenants, including provisions related to interest coverage, maximum levels of debt to total capitalization and limitations on dividends.
(6) Of the amount due in 1998, $.8 million may be satisfied by the substitution of property in lieu of cash payments.

Substantially all of the property, plant and equipment of the company is pledged as collateral. Maturities and annual sinking fund requirements of long-term debt for the years 1999, 2000, 2001 and 2002 are $4.6 million, $84.8 million, $5.2 million, and $6.0 million, respectively. Of these amounts $.8 million per year for 1998 through 2001 may be satisfied by the substitution of property in lieu of cash payments.

At Dec. 31, 1997, total long-term debt had a carrying amount of $727.1 million and an estimated fair market value of $828.6 million. The estimated fair market value of long-term debt was based on quoted market prices for the same or similar issues, on the current rates offered for debt of the same remaining maturities, or for long-term debt issues with variable rates that approximate market rates, at carrying amounts. The carrying amount of long-term debt due within one year approximated fair market value because of the short maturity of these instruments.

The company had an interest rate exchange agreement, which expired Jan. 11, 1996, to reduce the cost of $100 million of fixed rate long-term debt. The agreement reduced interest expense by $2.3 million in 1995.

The accompanying notes are an integral part of the financial statements.

A. Summary of Significant Accounting Policies

Basis of Accounting

Tampa Electric Company's regulated electric and gas operations maintain their accounts in accordance with recognized policies prescribed or permitted by the Florida Public Service Commission (FPSC). In addition, Tampa Electric maintains its accounts in accordance with recognized policies prescribed or permitted by the Federal Energy Regulatory Commission (FERC). These policies conform with generally accepted accounting principles in all material respects.

The impact of Financial Accounting Standard (FAS) No. 71, Accounting for the Effects of Certain Types of Regulation, has been minimal in the company's experience, but when cost recovery is ordered over a period longer than a fiscal year, costs are recognized in the period that the regulatory agency recognizes them in accordance with FAS 71. Also as provided in FAS 71, Tampa Electric has deferred revenues in accordance with the various regulatory agreements approved by the FPSC in 1995 and 1996. Revenues are recognized as allowed under the terms of the agreements.

Tampa Electric Company's regulated utility retail businesses are regulated by the FPSC, and Tampa Electric's wholesale business is regulated by FERC. Prices allowed by both agencies are generally based on recovery of prudent costs incurred plus a reasonable return on invested capital.

The use of estimates is inherent in the preparation of financial statements in accordance with generally accepted accounting principles.

Revenues and Fuel Costs

Revenues include amounts resulting from cost recovery clauses which provide for monthly billing charges to reflect increases or decreases in fuel, purchased capacity, oil backout, conservation and environmental costs for Tampa Electric and purchased gas, interstate pipeline capacity and conservation costs for Peoples Gas System. These adjustment factors are based on costs projected by the company for a specific recovery period. Any over-recovery or under-recovery of costs plus an interest factor are taken into account in the process of setting adjustment factors for subsequent recovery periods. Over-recoveries of costs are recorded as deferred credits and under-recoveries of costs are recorded as deferred debits.

In August 1996, the FPSC approved Tampa Electric's petition for recovery of certain environmental compliance costs through the environmental cost recovery clause.

On May 10, 1995, the FPSC approved the termination of the oil backout clause effective Jan. 1, 1996. Any oil backout project costs incurred beginning Jan 1, 1996 were no longer recovered through the cost recovery clause.

In December 1994, Tampa Electric bought out a long-term coal supply contract which would have expired in 2004 for a lump sum payment of $25.5 million and entered into two new contracts with the supplier. The coal supplied under the new contracts is competitive in price with coals of comparable quality. As a result of this buyout, Tampa Electric customers will benefit from anticipated net fuel savings of more than $40 million through the year 2004. In February 1995, the FPSC authorized the recovery of the $25.5 million buy-out amount plus carrying costs through the Fuel and Purchased Power Cost Recovery Clause over the ten-year period beginning April 1, 1995. In 1997, 1996 and 1995, $2.7 million, $2.7 million and $2 million, respectively, of buy-out costs were amortized to expense.

Certain other costs incurred by the regulated utilities are allowed to be recovered from customers through prices approved in the regulatory process. These costs are recognized as the associated revenues are billed.

Both Tampa Electric and Peoples Gas System accrue base revenues for services rendered but unbilled to provide a closer matching of revenues and expenses.

In May 1996, the FPSC issued an order approving an agreement among Tampa Electric, the Office of Public Counsel (OPC) and the Florida Industrial Power Users Group (FIPUG) regarding 1996 earnings. This agreement provided for a $25-million revenue refund to customers to be made over the 12-month period beginning Oct. 1, 1996. This refund consisted of $15 million of revenues deferred from 1996 and $10 million of revenues deferred from 1995, plus accrued interest.

In October 1996, the FPSC approved an agreement among Tampa Electric, OPC and FIPUG that resolved all pending regulatory issues associated with the Polk Power Station. The agreement allows the full recovery of the capital costs incurred in the construction of the Polk Power project, and calls for an extension of the base rate freeze established in the May agreement through 1999. Under the October agreement, the $25-million refund established in the May agreement remains intact and customers began receiving a $25-million temporary base rate reduction, reflected as a credit on customer bills over the 15-month period which began Oct. 1, 1997.

Depreciation

The company provides for depreciation primarily by the straight-line method at annual rates that amortize the original cost, less net salvage, of depreciable property over its estimated service life. The provision for utility plant in service, expressed as a percentage of the original cost of depreciable property, was 4.0% for 1997, 1996 and 1995.

The original cost of utility plant retired or otherwise disposed of and the cost of removal less salvage are charged to accumulated depreciation.

Asset Impairment

The company periodically assesses whether there has been a permanent impairment of its long-lived assets and certain intangibles held and used by it, in accordance with FAS 121, Accounting for the Impairment of Long-lived Assets and Long-Lived Assets to be Disposed of. No write-down of assets due to impairment was required in 1997 or 1996.

Deferred Income Taxes

The liability method is utilized in the measurement of deferred income taxes. Under the liability method, the temporary differences between the financial statement and tax bases of assets and liabilities are reported as deferred taxes measured at current tax rates. Tampa Electric and Peoples Gas System are regulated, and their books and records reflect approved regulatory treatment, including certain adjustments to accumulated deferred income taxes and the establishment of a corresponding regulatory tax liability reflecting the amount payable to customers through future rates.

Investment Tax Credits

Investment tax credits have been recorded as deferred credits and are being amortized to income tax expense over the service lives of the related property.

Allowance for Funds Used During Construction (AFUDC)

AFUDC is a non-cash credit to income with a corresponding charge to utility plant which represents the cost of borrowed funds and a reasonable return on other funds used for construction. The rate used to calculate AFUDC is revised periodically to reflect significant changes in Tampa Electric's cost of capital. The rate was 7.79% for 1997, 1996 and 1995. The base on which AFUDC is calculated excludes construction work in progress which has been included in rate base.

Hedges - Gas Prices

During 1997, Peoples Gas System entered into natural gas options contracts, from time to time, to limit its exposure to gas price increases.

Tampa Electric Company does not use derivatives or other financial products for speculative purposes.

Mergers

In June 1997, TECO Energy, Inc. completed its merger with Lykes Energy, Inc. Concurrent with this merger, the regulated gas distribution utility, Peoples Gas System, Inc., was merged into Tampa Electric Company and now operates as the Peoples Gas System division of Tampa Electric Company.

Also in June 1997, TECO Energy completed its merger with West Florida Gas Inc. (West Florida). Concurrent with this merger, West Florida's regulated gas distribution utility, West Florida Natural Gas Company, was merged into Tampa Electric Company and now operates as part of the Peoples Gas System division.

These mergers were accounted for as poolings of interests and, accordingly, the company's Balance Sheet as of Dec. 31, 1997 and its Statements of Income and Cash Flows for the period ended Dec. 31, 1997 include the results of Peoples Gas System and West Florida.

Financial statements and all financial information presented for periods prior to 1997 have been restated to include the results of the Peoples Gas System. Prior period financial statements have not been restated to reflect the operations and financial position of West Florida Natural Gas due to its size.

Tampa Electric Company's combined restated revenues and net income for the years ended Dec. 31, 1997, 1996 and 1995 were as follows:

	Revenues (thousands)	Net Income (thousands)
Year Ended Dec. 31, 1997		
Tampa Electric pre-merger	$ 572.8	$ 64.2
Peoples Gas System pre-merger	133.9	9.7
	706.7	73.9
Merger related[2]	--	(1.3)
	706.7	72.6
Tampa Electric Company post-merger	732.0	76.0
Combined	$1,438.7	$ 148.6

	Revenues (thousands)	Net Income (thousands)
Year Ended Dec. 31, 1996		
Tampa Electric pre-merger[1]	$1,112.9	$ 141.6
Peoples Gas System pre-merger	258.6	13.9
Combined	$1,371.5	$ 155.5
Year Ended Dec. 31, 1995		
Tampa Electric pre-merger[1]	$1,092.2	$ 133.7
Peoples Gas System pre-merger	220.6	13.0
Combined	$1,312.8	$ 146.7

(1) The 1996 and 1995 amounts were previously reported on Form 10-K for the years ended Dec. 31, 1996 and 1995.
(2) Reflects a net, after-tax, one-time charge for all merger related transactions.

Reclassifications and Restatements

Certain prior year amounts were reclassified or restated to conform with current year presentation.

B. Common Stock

The company is a wholly owned subsidiary of TECO Energy, Inc.

(thousands)	Common Stock Shares	Common Stock Amount	Issue Expense	Total
Balance Dec. 31, 1994				
As previously reported	10	$777.3	$(1.4)	$775.9
Pooling of interests with PGS	--	26.2	--	26.2
Balance Dec. 31, 1994 as restated	10	803.5	(1.4)	802.1
Contributed capital from parent	--	76.0	--	76.0
Balance Dec. 31, 1995	10	879.5	(1.4)	878.1
Contributed capital from parent	--	83.0	--	83.0
Costs associated with Preferred Stock retirements[1]	--	--	.6	.6
Balance Dec. 31, 1996	10	962.5	(.8)	961.7
Contributed capital from parent	--	5.0	--	5.0
Costs associated with Preferred Stock retirements[2]	--	.1	.1	
West Florida Natural Gas merger	--	5.3	--	5.3
Balance Dec. 31, 1997	10	$972.8	$(.7)	$972.1

(1) In April 1996, the Tampa Electric retired $35 million aggregate par value of 8.00% Series E and 7.44% series F preferred stock. In connection with this retirement, $.6 million of associated issuance costs were recognized.
(2) In July 1997, Tampa Electric retired all of its outstanding shares ($20 million aggregate par value) of 4.32% Series A, 4.16% Series B and 4.58% Series D preferred stock at redemption prices of $103.75, $102.875 and $101.00 per share, respectively. In connection with this retirement, $.1 million of associated issuance costs were recognized.

C. Retained Earnings

Tampa Electric Company's Restated Articles of Incorporation and certain series of Tampa Electric's first mortgage bonds and certain of Peoples Gas System's long-term debt issues contain provisions that limit the dividend payment on the company's common stock. At Dec. 31, 1997, substantially all of the company's retained earnings were available for dividends on its common stock.

D. Retirement Plan

Tampa Electric is a participant in the comprehensive retirement plan of TECO Energy, including a non-contributory defined benefit retirement plan which covers substantially all employees. Benefits are based on employees' years of service and average final earnings.

TECO Energy's policy is to fund the plan within the guidelines set by ERISA for the minimum annual contribution and the maximum allowable as a tax deduction by the IRS. About 67 percent of plan assets were invested in common stocks and 33 percent in fixed income investments at Dec. 31, 1997.

Components of net pension expense, reconciliation of the funded status and the accrued pension liability are presented below for TECO Energy consolidated.

Components of Net Pension Expense

(millions)	1997	1996	1995
Service cost (benefits earned during the period)	$9.2	$8.5	$7.2
Interest cost on projected benefit obligations	19.9	18.8	17.3
Less: Return on plan assets-Actual	65.6	43.4	66.4
Less net amortization of unrecognized transition asset and deferred return	38.8	18.6	43.3
Net return on assets	26.8	24.8	23.1
Net pension expense recognized in TECO Energy's Consolidated Statements of Income [1]	$2.3	$2.5	$1.4

(1) Tampa Electric's portion was $.7 million, $1.8 million and $.2 million for 1997, 1996 and 1995, respectively.

Reconciliation of the Funded Status of the Retirement Plan and the Accrued Pension Prepayment/(Liability)

(millions)	Dec. 31, 1997	Dec. 31, 1996
Fair market value of plan assets	$ 365.9	$ 320.5
Projected benefit obligation	(297.1)	(262.2)
Excess of plan assets over projected benefit obligation	68.8	58.3
Less unrecognized net gain from past experience different from that assumed	78.8	65.9
Less unrecognized prior service cost	(10.8)	(11.7)
Less unrecognized net transition asset (being amortized over 19.5 years)	7.5	8.5
Accrued pension(liability)[2]	$ (6.7)	$ (4.4)
Accumulated benefit obligation (including vested benefits of $221.6 for 1997 and $196.7 for 1996)	$ 248.1	$ 220.0

(2) Tampa Electric's portion was $6.6 million and $5.9 million at Dec. 31, 1997 and 1996, respectively.

Assumptions Used in Determining Actuarial Valuations

	1997	1996
Discount rate to determine projected benefit obligation	7.25%	7.75%
Rates of increase in compensation levels	3.3-5.3%	3.3-5.3%
Plan asset growth rate through time	9%	9%

Peoples Gas System Retirement Plan

The Peoples Gas System retirement plan was merged with the TECO Energy retirement plan effective Jan. 1, 1998. As of Dec. 31, 1997, Peoples Gas System had a non-contributory defined benefit retirement plan which covered substantially all employees. Benefits were based on employees' years of service and average compensation during specified years of employment.

Peoples Gas System's retirement plan was funded annually by the company within the guidelines set by ERISA for the minimum annual contribution and the maximum allowable as a tax deduction by the IRS. Plan assets were invested primarily in a collective investment trust consisting of equity securities, fixed income securities and cash equivalents.

Components of Net Pension Expense

(millions)	1997	1996	1995
Service cost (benefits earned during the period)	$2.1	$2.0	$1.9
Interest cost on projected benefit obligations	3.0	2.6	2.4
Less: Return on plan assets-Actual	6.7	4.1	5.8
Less net amortization of unrecognized transition asset and deferred return	3.5	1.2	3.1
Net return on assets	3.2	2.9	2.7
Net pension expense	1.9	1.7	1.6
Voluntary employee retirement program	--	--	0.8
Net pension expense recognized in the Statements of Income	$1.9	$1.7	$2.4

Reconciliation of the Funded Status of the Retirement Plan and the Accrued Pension Prepayment/(Liability)

(millions)	Dec. 31, 1997	Dec. 31, 1996
Fair market value of plan assets	$48.9	$40.6
Projected benefit obligation	(47.6)	(39.3)
Excess of plan assets over projected benefit obligation	1.3	1.3
Less unrecognized net gain from past experience different from that assumed	4.9	4.7
Less unrecognized prior service cost	(0.2)	(0.2)
Less unrecognized net transition asset (being amortized over 19.5 years)	0.6	0.8
Accrued pension(liability)	$(4.0)	$(4.0)
Accumulated benefit obligation (including vested benefits of $34.0 for 1997 and $28.1 for 1996)	$34.4	$28.4

Assumptions Used in Determining Actuarial Valuations

	1997	1996
Discount rate to determine projected benefit obligation	7.25%	7.75%
Rates of increase in compensation levels	6%	6%
Plan asset growth rate through time	8%	8%

E. Postretirement Benefit Plan

Tampa Electric Company currently provides certain postretirement health care benefits for substantially all employees retiring after age 55 meeting certain service requirements. The company contribution toward health care coverage for most employees retiring after Jan. 1, 1990 is limited to a defined dollar benefit based on years of service. Postretirement benefit levels are substantially unrelated to salary. Tampa Electric Company reserves the right to terminate or modify the plan in whole or in part at any time.

Components of Postretirement Benefit Cost

(millions)	1997	1996	1995
Service cost (benefits earned during the period)	$1.3	$1.4	$1.4
Interest cost on projected benefit obligations	4.4	4.6	5.1
Amortization of transition obligation (straight line over 20 years)	2.1	2.1	2.2
Amortization of actuarial loss/(gain)	(0.1)	0.2	0.2
Net periodic Postretirement benefit expense	$7.7	$8.3	$8.9

Reconciliation of the Funded Status of the Postretirement Benefit Plan and the Accrued Liability

(millions)	Dec. 31, 1997	Dec. 31, 1996
Accumulated Postretirement benefit obligation		
Active employees eligible to retire	$ (3.9)	$ (2.4)
Active employees not eligible to retire	(23.7)	(20.9)
Retirees and surviving spouses	(34.0)	(38.9)
	(61.6)	(62.2)
Less unrecognized net loss from past experience	(4.9)	(7.3)
Less unrecognized transition obligation	(31.6)	(33.7)
Liability for accrued postretirement benefit	$(25.1)	$(21.2)

Assumptions Used in Determining Actuarial Valuations

	1997	1996
Discount rate to determine projected benefit obligation	7.25%	7.75%

The assumed health care cost trend rate (excluding the employees of Peoples Gas System)for medical costs prior to age 65 was 9.5% in 1997 and decreases to 5.75% in 2002 and thereafter. The assumed health care cost trend rate for medical costs after age 65 was 7.0% in 1997 and decreases to 5.75% in 2002 and thereafter.

The assumed health care cost trend rate (for employees of Peoples Gas System)for medical costs prior to age 65 was 6% in 1997 and decreases to 5% in 2003 and thereafter. The assumed health care cost trend rate for HMO medical costs prior to age 65 was 4% for all future years.

A 1% change in the medical trend rates would produce a 7% ($0.4 million) change in the aggregate service and interest cost for 1997 and a 7% ($4.3 million) change in the accumulated Postretirement benefit obligation as of Dec. 31, 1997.

F. Income Tax Expense

The company is included in the filing of a consolidated Federal income tax return with its parent and affiliates. The company's income tax expense is based upon a separate return computation. Income tax expense consists of the following components:

(millions)	Federal	State	Total
1997			
Currently payable	$ 62.9	$ 7.1	$ 70.0
Deferred	15.0	6.1	21.1
Amortization of investment tax credits	(4.7)	--	(4.7)
Total income tax expense	$ 73.2	$ 13.2	86.4
Included in other income, net			(1.1)
Included in operating expenses			$ 87.5

(millions)	Federal	State	Total
1996			
Currently payable	$ 63.9	$ 11.1	$ 75.0
Deferred	8.3	1.1	9.4
Amortization of investment tax credits	(4.7)	--	(4.7)
Total income tax expense	$ 67.5	$ 12.2	79.7
Included in other income, net			(.2)
Included in operating expenses			$ 79.9
1995			
Currently payable	$ 77.8	$ 13.5	$ 91.3
Deferred	(10.5)	(1.8)	(12.3)
Amortization of investment tax credits	(4.8)	--	(4.8)
Total income tax expense	$ 62.5	$ 11.7	74.2
Included in other income, net			--
Included in operating expenses			$ 74.2

Deferred taxes result from temporary differences in the recognition of certain liabilities or assets for tax and financial reporting purposes. The principal components of the company's deferred tax assets and liabilities recognized in the balance sheet are as follows:

(millions)	Dec. 31, 1997	Dec. 31, 1996
Deferred tax assets[1]		
Property related	$ 87.4	$ 84.4
Leases	5.2	5.4
Insurance reserves	9.2	7.2
Early capacity payments	2.2	2.2
Other	8.2	3.7
Total deferred income tax assets	112.2	102.9
Deferred income tax liabilities[1]		
Property related	(450.9)	(428.4)
Other	35.3	46.0
Total deferred income tax liabilities	(415.6)	(382.4)
Accumulated deferred income taxes	$(303.4)	$(279.5)

(1) Certain property related assets and liabilities have been netted.

The total income tax provisions differ from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons:

(millions)	1997	1996	1995
Net income	$148.6	$155.5	$146.7
Total income tax provision	86.4	79.7	74.2
Income before income taxes	$235.2	$235.2	$220.9
Income taxes on above at federal statutory rate of 35%	$ 82.3	$ 82.3	$ 77.4
Increase (decrease) due to State income tax, net of federal income tax	8.6	8.0	7.6
Amortization of investment tax credits	(4.7)	(4.7)	(4.8)
Equity portion of AFUDC	.0	(5.8)	(4.9)
Other	.2	(.1)	(1.1)
Total income tax provision	$ 86.4	$ 79.7	$ 74.2
Provision for income taxes as a percent of income before income taxes	36.7%	33.9%	33.6%

G. Short-term Debt

Notes payable consisted primarily of commercial paper with weighted average interest rates of 5.72% and 5.43% at Dec. 31, 1997 and 1996, respectively. The carrying amount of notes payable approximated fair market value because of the short maturity of these instruments. Unused lines of credit at Dec. 31, 1997 were $230 million. Certain lines of credit require commitment fees ranging from .05% to .075% on the unused balances.

H. Related Party Transactions (millions)

Net transactions with affiliates are as follows:

	1997	1996	1995
Fuel and interchange related, net	$140.5	$154.9	$166.4
Administrative and general, net	$ 9.5	$ 10.6	$ 11.3

Amounts due from or to affiliates of the company at year-end are as follows:

	1997	1996
Accounts receivable	$ 7.7	$ 6.2
Accounts payable	$ 20.1	$ 17.7

Accounts receivable and accounts payable were incurred in the ordinary course of business and do not bear interest.

I. Commitments and Contingencies

Tampa Electric's capital expenditures are estimated to be $129 million in 1998 and $515 million for 1999 through 2002 for equipment and facilities to meet customer growth and generation reliability programs.

Peoples Gas System's capital expenditures are estimated to be $59 million for 1998 and $190 million for 1999 through 2002 for infrastructure expansion to grow the customer base and normal asset replacement.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

During the period from Jan. 1, 1996 to the date of this report, the company has not had and has not filed with the Commission a report as to any changes in or disagreements with accountants on accounting principles or practices, financial statement disclosure or auditing scope or procedure.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements - See index on page 17.
2. Financial Statement Schedules - See index on page 17.
3. Exhibits

*3.1 Articles of Incorporation (Exhibit 3.1 to Registration Statement No. 2-70653).

*3.2 Bylaws, as amended, effective April 16, 1997 (Exhibit 3, Form 10-Q for the quarter ended June 30, 1997 of Tampa Electric Company).

*4.1 Indenture of Mortgage among Tampa Electric Company, State Street Trust Company and First Savings & Trust Company of Tampa, dated as of Aug. 1, 1946 (Exhibit 7-A to Registration Statement No. 2-6693).

*4.2 Thirteenth Supplemental Indenture, dated as of Jan. 1, 1974, to Exhibit 4.1 (Exhibit 2-g-1, Registration Statement No. 2-51204).

*4.3 Sixteenth Supplemental Indenture, dated as of Oct. 30, 1992, to Exhibit 4.1 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1992 of Tampa Electric Company).

*4.4 Eighteenth Supplemental Indenture, dated as of May 1, 1993, to Exhibit 4.1 (Exhibit 4.1, Form 10-Q for the quarter ended June 30, 1993).

*4.5 Installment Purchase and Security Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of March 1, 1972 (Exhibit 4.9, Form 10-K for 1986 of Tampa Electric Company).

*4.6 First Supplemental Installment Purchase and Security Contract, dated as of Dec. 1, 1974 (Exhibit 4.10, Form 10-K for 1986 of Tampa Electric Company).

*4.7 Third Supplemental Installment Purchase Contract, dated as of May 1, 1976 (Exhibit 4.12, Form 10-K for 1986 of Tampa Electric Company).

*4.8 Installment Purchase Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of Aug. 1, 1981 (Exhibit 4.13, Form 10-K for 1986 of Tampa Electric Company).

*4.9 Amendment to Exhibit A of Installment Purchase Contract, dated as of April 7, 1983 (Exhibit 4.14, Form 10-K for 1989 of Tampa Electric Company).

*4.10 Second Supplemental Installment Purchase Contract, dated as of June 1, 1983 (Exhibit 4.11, Form 10-K for 1994 of Tampa Electric Company).

*4.11 Third Supplemental Installment Purchase Contract, dated as of Aug. 1, 1989 (Exhibit 4.16, Form 10-K for 1989 of Tampa Electric Company).

*4.12 Installment Purchase Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of Jan. 31, 1984 (Exhibit 4.13, Form 10-K for 1993 of Tampa Electric Company).

*4.13 First Supplemental Installment Purchase Contract, dated as of Aug. 2, 1984 (Exhibit 4.14, Form 10-K for 1994 of Tampa Electric Company).

*4.14 Second Supplemental Installment Purchase Contract, dated as of July 1, 1993 (Exhibit 4.3, Form 10-Q for the quarter ended June 30, 1993).

*4.15 Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NCNB National Bank of Florida, dated as of Sept. 24, 1990 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1990 of Tampa Electric Company).

*4.16 Loan and Trust Agreement, dated as of Oct. 26, 1992 among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee (Exhibit 4.2, Form 10-Q for the quarter ended Sept. 30, 1992 of Tampa Electric Company).

*4.17 Loan and Trust Agreement, dated as of June 23, 1993, among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee (Exhibit 4.2, Form 10-Q for the quarter ended June 30, 1993 of Tampa Electric Company).

*4.18	Loan and Trust Agreement, dated as of Dec. 1, 1996, among the Polk County Industrial Development Authority, Tampa Electric Company and the Bank of New York, as trustee (Exhibit 4.18, Form 10-K for 1996 of Tampa Electric Company).
*10.1	1980 Stock Option and Appreciation Rights Plan, as amended on July 18, 1989 (Exhibit 28.1, Form 10-Q for the quarter ended June 30, 1989 of TECO Energy, Inc.).
*10.2	TECO Energy Group Supplemental Executive Retirement Plan, as amended and restated as of Oct. 16, 1996.
*10.3	TECO Energy Group Supplemental Retirement Benefits Trust Agreement, as amended and restated as of Jan. 15, 1997.
10.4	Annual Incentive Compensation Plan for TECO Energy and subsidiaries, as revised April 1997.
*10.5	TECO Energy, Inc. Group Supplemental Disability Income Plan, dated as of March 20, 1989 (Exhibit 10.19, Form 10-K for 1988 of Tampa Electric Company).
*10.6	Forms of Severance Agreements between TECO Energy, Inc. and certain senior executives, as amended and restated as of March 20, 1996.
*10.7	TECO Energy, Inc. 1991 Director Stock Option Plan as amended on Jan. 21, 1992 (Exhibit 10.20, Form 10-K for 1991 of Tampa Electric Company).
*10.8	Supplemental Executive Retirement Plan for T.L. Guzzle, as amended and restated as of Oct. 16, 1996.
*10.9	Supplemental Executive Retirement Plan for R.H. Kessel, as amended and restated as of Jan. 15, 1997.
*10.10	Supplemental Executive Retirement Plan for H.L. Culbreath, as amended on April 27, 1989 (Exhibit 10.14, Form 10-K for 1989 of TECO Energy, Inc.).
*10.11	Supplemental Executive Retirement Plan for A.D. Oak, as amended and restated as of Oct. 16, 1996.
*10.12	Supplemental Executive Retirement Plan for K.S. Surgenor, as amended and restated as of Oct. 16, 1996.
*10.13	Supplemental Executive Retirement Plan for G.F. Anderson, as amended and restated as of Oct. 16, 1996.
*10.14	TECO Energy Directors' Deferred Compensation Plan, as amended and restated effective April 1, 1994 (Exhibit 10.1, Form 10-Q for the quarter ended March 31, 1994 of Tampa Electric Company).
*10.15	TECO Energy Group Retirement Savings Excess Benefit Plan, as amended and restated effective Aug. 1, 1994 (Exhibit 10.20, Form 10-K for 1994 of Tampa Electric Company).
*10.16	Severance Agreement between TECO Energy, Inc. and H. L. Culbreath, dated as of April 28, 1989 (Exhibit 10.24, Form 10-K for 1989 of TECO Energy, Inc.).
*10.17	Supplemental Executive Retirement Plan for R.A. Dunn, as amended and restated as of Jan. 15, 1997.
*10.18	Form of Nonstatutory Stock Option under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 1996 of Tampa Electric Company).
*10.19	Form of Restricted Stock Agreement between TECO Energy, Inc. And certain senior executives under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.2, Form 10-Q for the quarter ended June 30, 1996 of Tampa Electric Company).
*10.20	Form of Restricted Stock Agreement between TECO Energy, Inc. and G. F. Anderson under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.3, Form 10-Q for the quarter ended June 30, 1996 of Tampa Electric Company).
*10.21	TECO Energy, Inc. 1997 Director Equity Plan (Exhibit 10.1, Form 8-K dated April 16, 1997 of Tampa Electric Company).
*10.22	Form of Nonstatutory Stock Option under the TECO Energy, Inc. 1997 Director Equity Plan (Exhibit 10, Form 10-Q for the quarter ended June 30, 1997 of Tampa Electric Company).
12.	Ratio of earnings to fixed charges.
23.	Consent of Independent Accountants.
24.1	Power of Attorney.
24.2	Certified copy of resolution authorizing Power of Attorney.
27.1	Financial Data Schedule-1997 (EDGAR filing only).
27.2	Financial Data Schedule-1996 restated (EDGAR filing only).
27.3	Financial Data Schedule-1995 restated (EDGAR filing only).

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* Indicates exhibit previously filed with the Securities and Exchange Commission and incorporated herein by reference. Exhibits filed with periodic reports of Tampa Electric Company and TECO Energy, Inc. were filed under Commission File Nos. 1-5007 and 1-8180, respectively.

Certain instruments defining the rights of holders of long-term debt of Tampa Electric Company authorizing in each case a total amount of securities not exceeding 10 percent of total assets on a consolidated basis are not filed herewith. Tampa Electric Company will furnish copies of such instruments to the Securities and Exchange Commission upon request.

Executive Compensation Plans and Arrangements

Exhibits 10.1 through 10.22 above are management contracts or compensatory plans or arrangements in which executive officers or directors of TECO Energy, Inc. and its subsidiaries participate.

(b) The company filed the following report on Form 8-K during the last quarter of 1997.

The registrant filed a Current Report on Form 8-K dated Nov. 13, 1997 reporting under "Item 5. Other Events" certain officer changes.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 30th day of March, 1998.

TAMPA ELECTRIC COMPANY.

By G. F. ANDERSON*
G. F. ANDERSON, Chairman of the Board, and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on March 30, 1998.

Signature	Title
G. F. ANDERSON* G. F. ANDERSON	Chairman of the Board, Director and Chief Executive officer (Principal Executive Officer)
/s/ J. B. RAMIL J. B. RAMIL	Vice President-Finance and Chief Financial Officer (Principal Financial Officer)
W. L. GRIFFIN* W. L. GRIFFIN	Vice President-Controller (Principal Accounting Officer)

C. D. AUSLEY* C. D. AUSLEY	Director	S. L. BALDWIN* S. L. BALDWIN	Director
H. L. CULBREATH* H. L. CULBREATH	Director	J. L. FERMAN, JR.* J. L. FERMAN, JR.	Director
E. L. FLOM* E. L. FLOM	Director	H. R. GUILD, JR.* H. R. GUILD, JR.	Director
T. L. RANKIN* T. L. RANKIN	Director	R. L. RYAN* R. L. RYAN	Director
W. P. SOVEY* W. P. SOVEY	Director	J. T. TOUCHTON* J. T. TOUCHTON	Director
J. A. URQUHART* J. A. URQUHART	Director	J. O. WELCH, JR.* J. O. WELCH, JR.	Director

*By: /s/ J. B. RAMIL
J. B. RAMIL, Attorney-in-fact

EXHIBIT 12

TAMPA ELECTRIC COMPANY
RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the company's ratio of earnings to fixed charges for the periods indicated

Year ended Dec. 31,	1997	1996[1]	1995[1]	1994[1]	1993[1]
	4.38	4.40	4.28x	3.88x[2]	3.81x[3]

For the purposes of calculating this ratio, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals, deferred interest costs and preferred stock dividend requirements.

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(1) Amounts have been restated to reflect the merger of Peoples Gas System, Inc., with and into Tampa Electric Company.

(2) Includes the effect of the restructuring charge of $21.3 million pretax. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this non-recurring charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.23x for the period ended Dec. 31, 1994.

(3) Includes the effect of the non-recurring $10-million pretax charge associated with a coal pricing settlement. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this non-recurring charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.97x for the period ended Dec. 31, 1993.

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Tampa Electric Company on Form S-3 (File No. 33-61636) of our report dated Jan. 15, 1998 on our audits of the financial statements of Tampa Electric Company as of Dec. 31, 1997 and 1996 and for the years ended Dec. 31, 1997, 1996, and 1995, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Tampa, Florida
March 30, 1998

Exhibit G

TAMPA ELECTRIC COMPANY

Remarketed Notes due 2038

PURCHASE AGREEMENT

July 28, 1998

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
Attention: Sandra Callahan

Re: Purchase of Remarketed Notes due 2038 (the "Notes")

Reference is made to the Agency Agreement dated July 28, 1998 between you and each of us (the "Agency Agreement"). Capitalized terms used herein and not defined are used as defined in the Agency Agreement.

We agree to purchase, severally and not jointly, the principal amount of Notes set forth below opposite our names:

Name	Principal Amount of Notes
Citicorp Securities, Inc.	$ 25,000,000
Morgan Stanley & Co. Incorporated	$ 25,000,000
Total	$ 50,000,000

The Notes shall be in the form of, and shall have the terms set forth in, the Form of Remarketed Note attached as Exhibit A hereto.

The provisions of Sections 1, 2(b), 2(c), 3 through 6 and 9 through 13 of the Agency Agreement and the related definitions are incorporated by reference herein and shall be deemed to have the same force and effect as if set forth in full herein.

If on the Settlement Date any one or more of the Agents shall fail or refuse to purchase Notes that it has or they have agreed to purchase on such date, and the aggregate amount of Notes which such defaulting Agent or Agents agreed but failed or refused to purchase is not more than one-tenth of the aggregate amount of the Notes to be purchased on such date, the other

Agents shall be obligated severally in the proportions that the amount of Notes set forth opposite their respective names above bears to the aggregate amount of Notes set forth opposite the names of all such non-defaulting Agents, or in such other proportions as Citicorp Securities may specify, to purchase the Notes which such defaulting Agent or Agents agreed but failed or refused to purchase on such date; *provided* that in no event shall the amount of Notes that any Agent has agreed to purchase pursuant to this Agreement be increased pursuant to this paragraph by an amount in excess of one-ninth of such amount of Notes without the written consent of such Agent. If on the Settlement Date any Agent or Agents shall fail or refuse to purchase Notes and the aggregate amount of Notes with respect to which such default occurs is more than one-tenth of the aggregate amount of Notes to be purchased on such date, and arrangements satisfactory to Citicorp Securities and the Company for the purchase of such Notes are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Agent or the Company. In any such case either Citicorp Securities or the Company shall have the right to postpone the Settlement Date but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Agent from liability in respect of any default of such Agent under this Agreement.

This Agreement is also subject to termination on the terms incorporated by reference herein. If this Agreement is terminated, the provisions of Sections 3(h), 6, 9, 10 and 13 of the Agency Agreement shall survive for the purposes of this Agreement.

The following information, opinions, certificates, letters and documents referred to in Section 4 of the Agency Agreement will be required:

(i) the opinions of Palmer & Dodge LLP, counsel for the Company, and Ropes & Gray, counsel for the Agents, as set forth in Section 4(b)(i) and (ii);

(ii) a certificate of the Company as set forth in Section 4(c);

(iii) a letter or letters from PricewaterhouseCoopers LLP, independent public accountants, as set forth in Section 4(d); and

(iv) such appropriate further information, certificates and documents as the Agents may reasonably request.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Agents and you.

Very truly yours,

CITICORP SECURITIES, INC.

By: David A. Chin
Name: David A. Chin
Title: Vice President

MORGAN STANLEY & CO. INCORPORATED

By: _____
Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Agents and you.

Very truly yours,

CITICORP SECURITIES, INC.

By: _____
Name:
Title:

MORGAN STANLEY & CO. INCORPORATED

By: _____
Name: Michael Fusco
Title: Vice President

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Agents and you.

Very truly yours,

CITICORP SECURITIES, INC.

By: _____
Name:
Title:

MORGAN STANLEY & CO. INCORPORATED

By: _____
Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

TAMPA ELECTRIC COMPANY

By: Sandra W. Callahan
Name: Sandra W. Callahan
Title: Treasurer and Assistant Secretary

3319605.02

EXHIBIT A

Form of Remarketed Note Due 2038

Not reproduced at this tab in order to avoid unnecessary duplication.

This item appears as Exhibit A to the First Supplemental Indenture at Tab 2 to this Closing Binder.

Exhibit H

SPURS REMARKETING AGREEMENT

SPURS REMARKETING AGREEMENT, dated as of July 31, 1998 (the "SPURS Remarketing Agreement"), between:

TAMPA ELECTRIC COMPANY, a Florida corporation (the "Company"); and

CITIBANK, N.A. ("CITI" and, in its capacity as the remarketing dealer hereunder, the "SPURS Agent").

WHEREAS, the Company has issued $50 million aggregate principal amount of its Remarketed Notes Due 2038 (the "Notes") pursuant to an Indenture, dated as of July 1, 1998 (the "Base Indenture"), between the Company and The Bank of New York, as trustee (in such capacity, the "Trustee"), as amended and supplemented by a supplemental indenture relating to the Notes (the "First Supplemental Indenture")(the Base Indenture as amended and supplemented by the First Supplemental Indenture is hereinafter referred to as the "Indenture"); and

WHEREAS, the Notes are being sold initially pursuant to a purchase agreement, dated July 28, 1998 (the "Purchase Agreement"), between the Company, Citicorp Securities, Inc. and Morgan Stanley & Co. Incorporated; and

WHEREAS, the Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement (No. 333-55873) under the Securities Act of 1933, as amended (the "1933 Act"), in connection with the offering of Debt Securities, including the Notes, which registration statement was declared effective by order of the Commission, and has filed such amendments thereto and such amended prospectuses as may have been required to the date hereof, and will file such additional amendments thereto and such additional amended prospectuses as may hereafter be required (such registration statement (No. 333-55873), including any prospectus constituting a part thereof, and all documents incorporated therein by reference, as from time to time amended or supplemented pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), the 1933 Act, or otherwise, is referred to herein as the "Registration Statement" and the prospectus constituting a part of such Registration Statement, including all material incorporated by reference into such prospectus, as supplemented by the prospectus supplement, dated July 28, 1998 (the "Prospectus Supplement"), is referred to herein as the "Prospectus", except that if any revised prospectus will be provided to the SPURS Agent by the Company for use in connection with the remarketing of the Notes which differs from the Prospectus on file at the Commission at the time the Registration Statement became effective (whether or not such revised prospectus is required to be filed by the Company pursuant to Rule 424(b) of the rules and regulations under the 1933 Act (the "1933 Act Regulations")), the term "Prospectus" will refer to such revised prospectus from and after the time it is first provided to the SPURS Agent for such use); and

WHEREAS, CITI is prepared to act as the SPURS Agent with respect to the remarketing of the Notes on July 15, 2001 (the "Remarketing Date") pursuant to the terms of, but subject to the conditions set forth in, this Agreement;

NOW, THEREFORE, for and in consideration of the covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

Section 1. Definitions. Capitalized terms used and not defined in this Agreement will have the meanings assigned to them in the Indenture (including in the form of the Notes issued thereunder).

Section 2. Representations and Warranties.

(a) The Company represents and warrants to the SPURS Agent as of the date hereof and will be deemed to represent and warrant to the SPURS Agent as of the Notification Date (as defined below), the Determination Date (as defined below) and the Remarketing Date (each of the foregoing dates being hereinafter referred to as a "Representation Date"), that (i) during the two years prior to such date, it has made all the filings with the Commission that it is required to make under the 1934 Act and the rules and regulations thereunder (the "1934 Act Regulations") (collectively, the "1934 Act Documents"), (ii) each 1934 Act Document, on the later of the date it was initially filed with the Commission or the date the most recent amendment thereto was filed with the Commission, complied in all material respects with the requirements of the 1934 Act and 1934 Act Regulations, and each 1934 Act Document did not, on the later of the date it was initially filed with the Commission or the date the most recent amendment thereto was filed with the Commission, and as of the applicable Representation Date, when considered together with subsequently filed 1934 Act Documents, does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) the applicable Remarketing Materials (as defined herein), taken as a whole, will not, as of the Remarketing Date, include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and (iv) no consent, approval, authorization, order or decree of any court or governmental agency or body, including as to an effective registration statement under the 1933 Act with respect to the Notes, is required for the consummation by the Company of the transactions contemplated by this Agreement or in connection with the remarketing of Notes pursuant hereto, except such as have been or will have been obtained or rendered, as the case may be, or those required under state Blue Sky laws or pursuant to the rules of the National Association of Securities Dealers.

(b) The Company further represents and warrants to the SPURS Agent as of each Representation Date as follows:

(i) The accountants who certified the financial statements included or incorporated by reference in the 1934 Act Documents were, at the time of such certification, independent public accountants as required by the 1933 Act and the 1933 Act Regulations in effect at such time.

(ii) The financial statements included or incorporated by reference in the 1934 Act Documents, together with the related notes, present fairly the financial condition and results of operations of the Company and its consolidated subsidiaries, if any, at the dates and for the periods indicated and comply in all material respects with the applicable accounting requirements of the 1934 Act; said financial statements have been prepared in all material respects in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved except as disclosed therein and except the notes to the interim financial statements. The supporting schedules included or incorporated by reference in the 1934 Act Documents present fairly in accordance with GAAP the information required to be stated therein. Any pro forma financial statements and the related notes thereto included or incorporated by reference in the 1934 Act Documents present fairly the information shown therein, have been prepared in all material respects in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(iii) Since the respective dates as of which information is given in the 1934 Act Documents, except as otherwise stated therein, (i) there has been no material adverse change in the financial condition, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries considered as one enterprise (a "Material Adverse Effect") and (ii) there have been no material transactions entered into by the Company or any of its subsidiaries other than those, including acquisitions, in the ordinary course of business.

(iv) The Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Florida; and the Company is duly qualified to do business and in good standing as a foreign corporation in each jurisdiction in which its ownership of property or conduct of its business requires such qualification, except where the failure to so qualify would not have a Material Adverse Effect, and has power and authority necessary to own, lease or operate its properties, to conduct the business in which it is engaged and to enter into and perform its obligations under this Agreement.

(v) This Agreement has been duly authorized, executed and delivered by the Company.

(vi) Neither the Company nor any of its subsidiaries (if any) is in violation of its corporate charter or by-laws or in default under any agreement, indenture or instrument, except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action and do not and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property

or assets of the Company or any such subsidiary pursuant to, any material agreement, indenture or instrument to which the Company or any such subsidiary is a party or by which it is bound or to which any of its property or assets is subject, nor will such action result in a material violation of the charter or by-laws of the Company or any such subsidiary or any order, rule or regulation of any court or governmental agency having jurisdiction over the Company or any such subsidiary or its property.

(vii) There is no material action, suit or proceeding before any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any subsidiary, that is not disclosed in the 1934 Act Documents but is reasonably expected to result in a Material Adverse Effect, or is reasonably expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder.

(viii) Neither the Company nor any of its subsidiaries is an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(ix) The Notes are rated at least "Aa3" by Moody's Investors Service, Inc., at least "AA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or, in each case, such other rating as to which the Company has most recently notified the SPURS Agent pursuant to Section 3(a) hereof.

(c) Any certificate signed by any director or officer of the Company and delivered to the SPURS Agent or to counsel for the SPURS Agent in connection with the remarketing of the Notes will be deemed a representation and warranty by the Company to the SPURS Agent as to the matters covered thereby.

(d) The SPURS Agent represents and warrants to the Company as of each Representation Date that the execution, delivery and performance of this Agreement will not result in the violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the SPURS Agent.

(e) Each party represents and warrants to the other party that:

(i) Non-Reliance. It is acting for its own account, and it had made its own independent decisions to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Agreement; it being understood that information and explanations related to the terms and conditions of this Agreement shall not be considered investment advice or a recommendation to enter into this Agreement. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Agreement.

(ii) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Agreement. It is also capable of assuming, and assumes, the risks of this Agreement.

(iii) Status of Parties. The other party is not acting as a fiduciary for or an adviser to it in respect of this Agreement.

Section 3. Covenants of the Company. The Company covenants with the SPURS Agent as follows:

(a) The Company will provide prompt notice by telephone, confirmed in writing (which may include facsimile or other electronic transmission), to the SPURS Agent of (i) any notification or announcement by a "nationally recognized statistical rating agency" (as defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act) with regard to the ratings of any securities of the Company, including, without limitation, notification or announcement of a downgrade in or withdrawal of the rating of any security of the Company or notification or announcement of the placement of any rating of any securities of the Company under surveillance or review, including placement on Credit Watch or on Watch List with negative implications, or (ii) the occurrence at any time of any event set forth in Section 8(c) of this Agreement.

(b) The Company will furnish to the SPURS Agent:

(i) the Registration Statement, the Prospectus and the Prospectus Supplement relating to the Notes (including in each case any amendment or supplement thereto and each document incorporated therein by reference);

(ii) each 1934 Act Document filed after the date hereof; and

(iii) in connection with the remarketing of Notes, such other information as the SPURS Agent may reasonably request from time to time.

The Company agrees to provide the SPURS Agent with as many copies of the foregoing written materials and other Company-approved information as the SPURS Agent may reasonably request for use in connection with the remarketing of Notes and consents to the use thereof for such purpose.

(c) If, at any time during which the SPURS Agent would be obligated to take any action under this Agreement, any event or condition known to the Company relating to or affecting the Company, any subsidiary thereof or the Notes occurs that could reasonably be expected to cause any of the reports, documents, materials or information referred to in paragraph (b) above or any document incorporated therein by reference (collectively, the "Remarketing Materials") to contain an untrue statement of a material fact or omit to state a material fact, the Company will promptly notify the SPURS Agent in writing of the circumstances and details of such event or condition.

(d) So long as the Notes are outstanding, the Company will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the 1934 Act Regulations.

(e) The Company will comply with the 1933 Act and the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations and the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder so as to permit the completion of the remarketing of the Notes as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Notes by the SPURS Agent, any event occurs or condition exists as a result of which it is necessary, in the reasonable opinion of counsel for the SPURS Agent or for the Company, to amend the Registration Statement or amend or supplement any Prospectus in order that such Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it will be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or file a new registration statement or amend or supplement any Prospectus or issue a new prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations and the Commission's interpretations of the 1933 Act and the 1933 Act Regulations, the Company, at its expense, will promptly (i) prepare and file with the Commission such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or any such Prospectus comply with such requirements, or prepare and file any such new registration statement and prospectus as may be necessary for such purpose, (ii) furnish to the SPURS Agent such number of copies of such amendment, supplement or other document as the SPURS Agent may reasonably request and (iii) furnish to the SPURS Agent an officers' certificate, an opinion, including negative assurance regarding the absence of material misstatements in or omissions from the Registration Statement and each Prospectus, as amended or supplemented, of counsel for the Company satisfactory to the SPURS Agent and a "comfort letter" from the Company's independent accountants, in each case in form and substance satisfactory to the SPURS Agent, of the same tenor as the officers' certificate, opinion and comfort letter, respectively, delivered pursuant to the Purchase Agreement, but modified to relate to the Registration Statement and each Prospectus as amended or supplemented to the date thereof or such new registration statement and prospectus; provided, however, that, following the thirtieth day after the Remarketing Date, the Company may delay preparing, filing and distributing any such supplement or amendment if the Company determines in good faith that such supplement or amendment would, in the reasonable judgment of the Company, (i) interfere with or affect the negotiation or completion of a transaction that is being contemplated by the Company (whether or not a final decision has been made to undertake such transaction) or (ii) involve initial or continuing disclosure obligations that are not in the best interests of the Company's stockholders at such time; provided, further, that (x) such delay will not extend for a period of more than thirty (30) days without the written consent of the SPURS Agent and (y) the Company may impose such delay no more than twice in any twelve month period. If the Company notifies the SPURS Agent to suspend the use of the Prospectus until the required changes to the Prospectus have been made, then the SPURS Agent will suspend use of such Prospectus. The SPURS Agent will promptly notify the Company in writing when the remarketing of Notes is complete.

(f) The Company agrees that neither it nor any of its subsidiaries or affiliates will purchase or otherwise acquire, or enter into any agreement to purchase or otherwise acquire, any of the Notes prior to the remarketing thereof by the SPURS Agent, other than pursuant to Section 4(g) or 4(h) of this Agreement.

Section 4. Appointment and Obligations of the SPURS Agent.

(a) Unless this Agreement is otherwise terminated in accordance with Section 11 hereof, in accordance with the terms, but subject to the conditions, of this Agreement, the Company hereby appoints CITI, and CITI hereby accepts such appointment, as the exclusive SPURS Agent with respect to $50 million aggregate principal amount of Notes in their initial SPURS mode, subject further to repurchase of the Notes in accordance with clause (g) of this Section 4 or redemption of the Notes in accordance with clause (h) of this Section 4. In its capacity as SPURS Agent, the SPURS Agent agrees, subject to the terms and conditions set forth herein, to purchase the Notes on the Remarketing Date if it elects to remarket the Notes on the Notification Date.

(b) It is expressly understood and agreed by the parties hereto that the obligations of the SPURS Agent hereunder with respect to the Notes to be remarketed on the Remarketing Date are conditioned on (i) the issuance and delivery of such Notes pursuant to the terms and conditions of the Purchase Agreement and (ii) the SPURS Agent's election on the Notification Date to purchase the Notes for remarketing on the Remarketing Date. It is further expressly understood and agreed by and between the parties hereto that, if the SPURS Agent has elected to remarket the Notes pursuant to clause (c) below, the SPURS Agent will not be obligated to set the SPURS Interest Rate (as defined below) on any Notes, to remarket any Notes or to perform any of the other duties set forth herein at any time after the Notification Date in the event that (x) any of the conditions set forth in clause (a) or (b) of Section 8 hereof has not been fully and completely met to the reasonable satisfaction of the SPURS Agent, or (y) any of the events set forth in clause (c) of Section 8 hereof has occurred.

(c) On a Business Day not later than five Business Days prior to the Remarketing Date, the SPURS Agent will notify the Company and the Trustee in writing as to whether it elects to purchase the Notes on the Remarketing Date (the "Notification Date"). If, and only if, the SPURS Agent so elects, the Notes will be subject to mandatory tender to the SPURS Agent for purchase and remarketing on the Remarketing Date, upon the terms and subject to the conditions described herein. The purchase price of such tendered Notes will be equal to 100% of the aggregate principal amount thereof. Following receipt of notification that the SPURS Agent elects to remarket the Notes and prior to 4:00 p.m. on the day prior to the Determination Date, the Company may notify the SPURS Agent of its election to provide credit support ("Credit Support") for the Notes from the Remarketing Date through July 15, 2011, or some period therein. If the Company so notifies the SPURS Agent, it will be obligated to have such Credit Support in place by 9:30 a.m. on the Remarketing Date.

(d) Subject to the SPURS Agent's election to remarket the Notes as provided in clause (c) above, by 3:30 p.m., New York City time, on the third Business Day immediately preceding the Remarketing Date (the "Determination Date"), the SPURS Agent will determine the SPURS Interest Rate to the nearest one hundred-thousandth (0.00001) of one percent per

annum. The "SPURS Interest Rate" will be equal to the sum of 5.41% (the "Base Rate") and the Applicable Spread (as defined below), which will be based on the Dollar Price (as defined below) of the Notes.

The "Applicable Spread" will be the lowest bid indication, expressed as a spread (in the form of a percentage or in basis points) above the Base Rate, obtained by the SPURS Agent on the Determination Date from the bids quoted by five Reference Corporate Dealers (as defined below) for the full aggregate outstanding principal amount of the Notes at the Dollar Price, but assuming (i) an issue date that is the Remarketing Date, with settlement on such date without accrued interest, (ii) a maturity date that is July 15, 2011, (iii) a stated annual interest rate equal to the Base Rate plus the spread bid by the applicable Reference Corporate Dealer and (iv) the benefit of any Credit Support. If fewer than five Reference Corporate Dealers bid as described above, then the Applicable Spread will be the lowest of such bid indications obtained as described above. The SPURS Interest Rate announced by the SPURS Agent, absent manifest error, will be binding and conclusive upon the actual purchasers of the Notes ("Beneficial Owners") and Holders of the Notes, the Company and the Trustee.

"Comparable Treasury Issues" means the United States Treasury security or securities selected by the SPURS Agent as having an actual or interpolated maturity or maturities comparable to the remaining term of the Notes being purchased by the SPURS Agent.

"Comparable Treasury Price" means, with respect to the Remarketing Date, (a) the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount), as set forth on Telerate Page 500 (or such other page as may replace Telerate Page 500) at 11:00 a.m. on the Determination Date, or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on the Determination Date, (i) the average of the Reference Treasury Dealer Quotations (as defined below) for the Remarketing Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the SPURS Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. "Telerate Page 500" means the display designated as "Telerate Page 500" on Dow Jones Markets (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in (a) above as may replace Dow Jones Markets.

"Dollar Price" means, with respect to the Notes, the present value, as of the Remarketing Date, of the Remaining Scheduled Payments (as defined below) discounted to the Remarketing Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below).

"Reference Corporate Dealers" means each of Citicorp Securities, Inc., Morgan Stanley & Co. Incorporated, Bear Stearns & Co. Inc., Chase Securities

Inc. and Goldman, Sachs & Co. and their respective successors; provided that if any of the foregoing or their affiliates shall cease to be a leading dealer of publicly traded debt securities of the Company (a "Primary Corporate Dealer"), the SPURS Agent shall substitute therefor another Primary Corporate Dealer.

"Reference Treasury Dealer" means each of Citicorp Securities, Inc., Morgan Stanley & Co. Incorporated, Bear Stearns & Co. Inc., Chase Securities Inc. and Goldman, Sachs & Co. and their respective successors; provided that if any of the foregoing or their affiliates shall cease to be a primary U.S. Government securities dealer (a "Primary Treasury Dealer"), the SPURS Agent shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and the Remarketing Date, the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal amount) quoted in writing to the SPURS Agent by such Reference Treasury Dealer by 3:30 p.m., on the Determination Date.

"Remaining Scheduled Payments" means, with respect to the Notes, the remaining scheduled payments of the principal thereof and interest thereon, calculated at the Base Rate only, that would be due after the Remarketing Date to and including July 15, 2011; provided that if the Remarketing Date is not an Interest Payment Date with respect to the Notes, the amount of the next succeeding scheduled interest payment thereon, calculated at the Base Rate only, will be reduced by the amount of interest accrued thereon, calculated at the Base Rate only, to the Remarketing Date.

"Treasury Rate" means, with respect to the Remarketing Date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) yield to maturity of the Comparable Treasury Issues, assuming a price for the Comparable Treasury Issues (expressed as a percentage of its principal amount), equal to the Comparable Treasury Price for the Remarketing Date.

(e) Subject to the SPURS Agent's election to remarket the Notes as provided in clause (c) above, the SPURS Agent will notify the Company, the Trustee and The Depository Trust Company ("DTC") by telephone, confirmed in writing (which may include facsimile or other electronic transmission), by 4:00 p.m., New York City time, on the Determination Date of the SPURS Interest Rate applicable to the Notes effective from and including the Remarketing Date to but excluding July 15, 2011.

(f) In the event that the Notes are remarketed as provided herein, the SPURS Agent will make, or cause the Trustee to make, payment to the DTC participant of each tendering Beneficial Owner of Notes subject to remarketing, by book entry through DTC by the close of business on the Remarketing Date against delivery through DTC of such Beneficial Owner's tendered Notes, of the purchase price for such tendered Notes that have been purchased for remarketing by the SPURS Agent. The purchase price of such tendered Notes will be equal

to 100% of the aggregate principal amount thereof. The Company will make, or cause the Trustee to make, payment of interest to each Beneficial Owner of Notes due on the Remarketing Date by book entry through DTC by the close of business on the Remarketing Date.

(g) In the event that (i) the SPURS Agent for any reason does not notify the Company of the SPURS Interest Rate by 4:00 p.m., New York City time, on the Determination Date, or (ii) prior to the Remarketing Date, the SPURS Agent has resigned and no successor has been appointed on or before the Determination Date, or (iii) at any time after the SPURS Agent elects on the Notification Date to remarket the Notes, any event as set forth in Section 8 or Section 11 of this Agreement has occurred, or (iv) the SPURS Agent for any reason does not elect, by notice to the Company and the Trustee not later than the Notification Date, to purchase the Notes for remarketing on the Remarketing Date, or (v) the SPURS Agent for any reason does not purchase all tendered Notes on the Remarketing Date or (vi) the Company for any reason fails to redeem the Notes from the Remarketing Dealer following the Company's election to effect such redemption as specified in Section 4(h) of this Agreement, the Company will either (x) repurchase the Notes as a whole on the Remarketing Date at a price equal to 100% of the aggregate principal amount of the Notes plus all accrued and unpaid interest, if any, on the Notes to the Remarketing Date or (y) remarket the Notes as provided in the First Supplemental Indenture. If the Notes are repurchased by the Company, payment will be made by the Company through the Trustee to the DTC participant of each tendering Beneficial Owner of Notes, by book-entry through DTC by the close of business on the Remarketing Date against delivery through DTC of such Beneficial Owner's tendered Notes.

(h) If the SPURS Agent elects to remarket the Notes as provided in clause (c) above, then not later than the Business Day immediately preceding the Determination Date, the Company will notify the SPURS Agent and the Trustee if the Company irrevocably elects to exercise its right to redeem the Notes, in whole but not in part, from the SPURS Agent on the Remarketing Date at the Optional Redemption Price. The "Optional Redemption Price" will be the greater of (i) 100% of the aggregate principal amount of the Notes and (ii) the sum of the present values of the Remaining Scheduled Payments thereon, as determined by the SPURS Agent, discounted to the Remarketing Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus in either case accrued and unpaid interest from the Remarketing Date on the principal amount being redeemed to the date of redemption. If the Company elects to redeem the Notes, it will pay the redemption price therefor in same-day funds by wire transfer to an account designated by the SPURS Agent on the Remarketing Date. Alternatively, the Company may elect to have the Notes remarketed on the Remarketing Date by a remarketing agent in a new Interest Rate Mode (as such term is defined in the First Supplemental Indenture); if the Company elects to so remarket the Notes, it will pay to the SPURS Agent on the Remarketing Date, in same-day funds by wire transfer to an account designated by the SPURS Agent, the difference between the Optional Redemption Price and $50 million.

(i) In accordance with the terms and provisions of the Notes, the tender and settlement procedures set forth in this Section 4, including provisions for payment by purchasers of Notes in the remarketing or for payment to selling Beneficial Owners of tendered Notes, will be subject to modification, notwithstanding any provision to the contrary set forth in the Indenture, to the extent required by DTC or, if the book-entry system is no longer available for

the Notes at the time of the remarketing, to the extent required to facilitate the tendering and remarketing of Notes in certificated form. In addition, the SPURS Agent may, notwithstanding anything to the contrary contained in the Indenture, modify the settlement procedures set forth in the Indenture and/or the Notes in order to facilitate the settlement process. If the Company fails to redeem the Notes from the SPURS Agent following any such election, the SPURS Agent will be deemed to have elected not to remarket the Notes, subject to any obligation of the Company to pay to the SPURS Agent the amount as provided in Section 11(e) of this Agreement.

(j) In accordance with the terms and provisions of the Notes, the Company hereby agrees that at all times, notwithstanding any provision to the contrary set forth in the Indenture, (i) it will use reasonable commercial efforts to maintain the Notes in book-entry form with DTC or any successor thereto and to appoint a successor depository to the extent necessary to maintain the Notes in book-entry form and (ii) it will waive any discretionary right it otherwise may have under the Indenture to cause the Notes to be issued in certificated form.

Section 5. Fees and Expenses. Subject to Section 11 of this Agreement, for its services in performing its duties set forth herein, the SPURS Agent will not receive any fees or reimbursement of expenses from the Company.

Section 6. Resignation of the SPURS Agent. The SPURS Agent may submit its written resignation at any time, with such resignation and the attendant discharge from its duties and obligations hereunder to be effective 10 business days after delivery of such written resignation to the Company and the Trustee. The SPURS Agent also may resign and be discharged from its duties and obligations hereunder at any time, such resignation to be effective immediately, upon termination of this Agreement in accordance with Section 11(b) hereof. It will be the sole obligation of the Company to appoint a successor SPURS Agent.

Section 7. Dealing in the Notes; Purchase of Notes by the Company.

(a) CITI, when acting as the SPURS Agent or in its individual or any other capacity, may, to the extent permitted by law, buy, sell, hold and deal in any of the Notes. CITI, as Holder or Beneficial Owner of the Notes, may exercise any vote or join as a Holder or Beneficial Owner, as the case may be, in any action which any Holder or Beneficial Owner of Notes may be entitled to exercise or take pursuant to the Indenture with like effect as if it did not act in any capacity hereunder. The SPURS Agent, in its capacity either as principal or agent, may also engage in or have an interest in any financial or other transaction with the Company as freely as if it did not act in any capacity hereunder.

(b) The Company may purchase Notes in the remarketing, provided that the SPURS Interest Rate established with respect to Notes in the remarketing is not different from the SPURS Interest Rate that would have been established if the Company had not purchased such Notes.

Section 8. Conditions to SPURS Agent's Obligations. The obligations of the SPURS Agent under this Agreement have been undertaken in reliance on, and will be subject to:

(a) the due performance in all material respects by the Company of its obligations and agreements as set forth in this Remarketing Agreement and the accuracy in all material respects of the representations and warranties of the Company in this Agreement and any certificate delivered pursuant hereto;

(b) the submission of a bid by a Reference Corporate Dealer on the Determination Date to purchase the full aggregate principal amount of the Notes at the Dollar Price.

(c) the further condition that none of the following events will have occurred after the Notification Date:

(i) the rating of any securities of the Company has been down-graded or put under surveillance or review with negative implications, including being put on what is commonly termed a "watch list," or withdrawn by a nationally recognized statistical rating agency;

(ii) without the prior written consent of the SPURS Agent, portions of the Indenture affecting the Notes have been amended in any manner, or otherwise contain any provision not contained therein as of the date hereof, that in either case in the reasonable judgment of the SPURS Agent materially changes the nature of the Notes in a manner which reduces the value of the Notes or materially changes the remarketing procedures (it being understood that, notwithstanding the provisions of this clause (ii), the Company is not prohibited from amending the Indenture);

(iii) trading in any securities of the Company has been suspended or materially limited by the Commission, or if trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or if a banking moratorium has been declared by either Federal or New York authorities;

(iv) there has occurred any material adverse change in the financial markets in the United States, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the SPURS Agent, impracticable to remarket the Notes or to enforce contracts for the sale of the Notes;

(v) an Event of Default, or any event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, with respect to the Notes has occurred and is continuing;

(vi) a material adverse change in the consolidated financial condition, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries considered as one enterprise the effect of which is such as to make it, in the judgment of the SPURS Agent, impracticable to remarket the Notes or to enforce contracts for the sale of the Notes, has occurred since the Notification Date or since the respective dates as of which information is given in the 1934 Act Documents;

(vii) if a prospectus is required under the 1933 Act to be delivered in connection with the remarketing of the Notes, the Company fails to furnish to the SPURS Agent on the Remarketing Date the officers' certificate, opinion and comfort letter referred to in Section 3(e) of this Agreement and such other documents and opinions as counsel for the SPURS Agent may reasonably require for the purpose of enabling such counsel to pass upon the sale of Notes in the remarketing as herein contemplated and related proceedings, or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and the SPURS Agent has received on the Remarketing Date a certificate of the Chairman of the Board, the President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer or a Vice President of the Company, and the Treasurer or an Assistant Treasurer of the Company, dated as of the Remarketing Date, to the effect that (i) the representations and warranties in this Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the Remarketing Date, (ii) the Company has complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Remarketing Date and (iii) none of the events specified in the preceding clause (vi) has occurred; or

(viii) the Notes are not maintained in book-entry form with DTC or any successor thereto; provided, that the SPURS Agent, in its sole discretion and subject to receipt of an opinion of counsel for the Company reasonably satisfactory to the SPURS Agent, may waive the foregoing condition if in the SPURS Agent's judgment the Indenture and the Notes can be amended, and they are amended, so as to permit the remarketing of the Notes in certificated form and otherwise as contemplated herein.

(d) In furtherance of the foregoing, the effectiveness of the SPURS Agent's election on the Notification Date to remarket the Notes is subject to the condition that the SPURS Agent has received a certificate of the Chairman of the Board, the President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer or a Vice President of the Company, and the Treasurer or an Assistant Treasurer of the Company, dated as of the Notification Date, to the effect that (i) the Company has, prior to the SPURS Agent's election on the Notification Date to remarket the Notes, provided the SPURS Agent with notice of all events as required under Section 3(a) of this Agreement, (ii) the representations and warranties in this Agreement are true and correct in all material respects at and as of the Notification Date and (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Notification Date. Such certificate will be delivered by

the Company to the SPURS Agent as soon as practicable following notification by the SPURS Agent to the Company on the Notification Date of its election to remarket the Notes and in any event prior to the Determination Date.

In the event of the failure of any of the foregoing conditions, the SPURS Agent may terminate its obligations under this Agreement or redetermine the SPURS Interest Rate as provided in Section 11.

Section 9. Indemnification.

(a) To the extent permitted by law, the Company agrees to indemnify and hold harmless the SPURS Agent and its officers, directors and employees and each person, if any, who controls the SPURS Agent within the meaning of Section 20 of the 1934 Act as follows:

(i) against any loss, liability, claim, damage and expense whatsoever, as incurred, arising out of (A) the failure to have an effective registration statement under the 1933 Act relating to the Notes, if required, or the failure to satisfy the prospectus delivery requirements of the 1933 Act due to the failure of the Company to provide the SPURS Agent with an updated Prospectus for delivery or (B) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Prospectus or the Prospectus Supplement (including any incorporated documents), or (C) the omission or alleged omission therefrom of a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever arising out of, or based upon, any of items (A) through (C) in clause (i) above; provided that (subject to clause (d) below) such settlement is effected with the written consent of the Company, which consent will not be unreasonably withheld; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the SPURS Agent), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever arising out of, or based upon, any of items (A) through (C) in clause (i) above to the extent that any such expense is not paid under clause (i) or (ii) above.

The foregoing indemnification obligations will not apply to any losses, liabilities, claims, damages and expenses to the extent arising out of (i) any untrue statement or omission made in conformity with written information furnished to the Company by the SPURS Agent expressly for use in the Remarketing Materials; (ii) any statement in, or omission from, a prospectus used in manner inconsistent with the last clause of the last sentence of Section 3(e); or (iii) any untrue

statement in, or omission from, a prospectus when a subsequent version of the prospectus had been supplied to the SPURS Agent prior to such subsequent version prior to the relevant sale or sales.

(b) The SPURS Agent agrees to indemnify and hold harmless the Company, its directors and each of its officers who signed the Registration Statement from and against any loss, liability, claim, damage and expense, as incurred, but only with respect to untrue statements or omissions made in the Remarketing Materials in conformity with information furnished to the Company in writing by the SPURS Agent expressly for use in such Remarketing Materials. The indemnity agreement in this clause (b) will extend upon the same terms and conditions to each person, if any, who controls the Company within the meaning of Section 20 of the 1934 Act.

(c) Each indemnified party will give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party will not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event will not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to clause (a) above, counsel to the indemnified parties will be selected by CITI, and, in the case of parties indemnified pursuant to clause (b) above, counsel to the indemnified parties will be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided that counsel to the indemnifying party will not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event will the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party will, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 9 or Section 10 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission or fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) The indemnity agreements contained in this Section 9 will remain operative and in full force and effect, regardless of any investigation made by or on behalf of the SPURS Agent, and will survive the termination or cancellation of this Agreement and the remarketing of any Notes hereunder.

Section 10. Contribution. If the indemnification provided for in Section 9 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party will contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate

to reflect the relative benefits received by the Company on the one hand and the SPURS Agent on the other hand from the remarketing of the Notes pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the SPURS Agent on the other hand in connection with the acts, failures to act, statements or omissions that resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the SPURS Agent on the other hand in connection with the remarketing of the Notes pursuant to this Agreement will be deemed to be in the same respective proportions as (i) the aggregate principal amount of the Notes, and (iii) the aggregate positive difference, if any, between the price paid by the SPURS Agent for the Notes tendered on the Remarketing Date and the price at which the Notes are sold by the SPURS Agent in the remarketing.

The relative fault of the Company on the one hand and the SPURS Agent on the other hand will be determined by reference to, among other things, the responsibility hereunder of the applicable party for any act or failure to act relating to the losses, liabilities, claims, damages or expenses incurred or, in the case of any losses, liabilities, claims, damages or expenses arising out of any untrue or alleged untrue statement of a material fact contained in any of the Remarketing Materials or the omission or alleged omission to state a material fact therefrom, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the SPURS Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the SPURS Agent agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above in this Section 10. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 10 will be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such act or failure to act or untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 10, the SPURS Agent will not be required to contribute any amount in excess of the amount by which the total price at which the Notes remarketed by it and resold to the public were sold to the public exceeds the amount of any damages which the SPURS Agent has otherwise been required to pay by reason of any act or failure to act for which it is responsible hereunder or any untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 10, each person, if any, who controls the SPURS Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act will have the same rights to contribution as the SPURS Agent, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act will have the same rights to contribution as the Company.

Section 11. Termination of SPURS Remarketing Agreement or Redetermination of SPURS Interest Rate.

(a) This Agreement will terminate as to the SPURS Agent on the effective date of the resignation of the SPURS Agent pursuant to Section 6 hereof; or the repurchase of the Notes by the Company pursuant to Section 4(g) hereof; or the redemption or remarketing of the Notes by the Company pursuant to Section 4(h) hereof; or at 12:01 a.m. on the day following the Notification Date if the SPURS Agent has not notified the Company and the Trustee on the Notification Date of its election to remarket the Notes; or as provided in Section 11(b).

(b) In addition, the SPURS Agent may terminate all of its obligations under this Agreement immediately by notifying the Company and the Trustee of its election to do so, at any time on or before the Remarketing Date, in the event that: (i) any of the conditions referred to or set forth in Section 8(a) or Section 8(b) hereof have not been met or satisfied in full, or (ii) any of the events set forth in Section 8(c) will have occurred after the Notification Date. The SPURS Agent agrees to promptly notify the Company and the Trustee of such termination.

(c) Notwithstanding any provision herein to the contrary, in lieu of terminating this Agreement pursuant to Section 11(b) above, upon the occurrence of any of the events set forth therein, the SPURS Agent, with the written consent of the Company (which may be delivered by facsimile or other electronic transmission), at any time between the Determination Date and 3:30 p.m., New York City time, on the Business Day immediately preceding the Remarketing Date, may elect to purchase the Notes for remarketing and determine a new SPURS Interest Rate in the manner provided in Section 4(d) of this Agreement, except that for purposes of determining the new SPURS Interest Rate pursuant to this paragraph the Determination Date referred to therein shall be the date of such election and redetermination. The SPURS Agent shall notify the Company, the Trustee and DTC by telephone, confirmed in writing (which may include facsimile or other electronic transmission), by 4:00 p.m., New York City time, on the date of such election, of the new SPURS Interest Rate applicable to the Notes. Thereupon, such new SPURS Interest Rate will supersede and replace any SPURS Interest Rate previously determined by the SPURS Agent and, absent manifest error, shall be binding and conclusive upon the Beneficial Owners and Holders of the Notes, the Company and the Trustee; provided that the SPURS Agent, by redetermining the SPURS Interest Rate upon the occurrence of any event set forth in Section 11(b) as set forth above, shall not thereby be deemed to have waived its right to determine a new SPURS Interest Rate or terminate this Agreement upon the subsequent occurrence of any other event set forth in Section 11(b).

(d) If this Agreement is terminated pursuant to this Section 11, such termination will be without liability of any party to any other party, except that, in the case of termination pursuant to Section 11(b) of this Agreement, the Company will reimburse the SPURS Agent for all of its reasonable out-of-pocket expenses related to the remarketing, including the reasonable fees and disbursements of counsel for the SPURS Agent if such termination is pursuant to Section 8(a), 8(b), 8(c)(i),(ii), (v), (vi) or (vii) (provided, however, with respect to Section 8(c)(vii), notwithstanding any other provisions hereof, reference in any certificate, opinion or comfort letter to a matter or event addressed in another subsection of Section 8(c) shall not give rise to any rights under this Section 11(d)), and except further as set forth in Section 11(e) below. Sections 1, 9, 10, 11(d) and 11(e) will survive such termination and remain in full force and effect.

(e) If the SPURS Agent does not remarket the Notes because of (x) termination of this Agreement pursuant to Section 11(b); (y) the resignation of the SPURS Agent due to the occurrence, prior to the Notification Date, of any event set forth in Section 8(c)(ii), (v) or (viii); or (z) any failure by the Company to redeem the Notes from the SPURS Agent following any election by the Company to effect such redemption as specified in Section 4(h)(each of the events described in clauses (x), (y) and (z) being referred to herein as a Calculation Event), the Company will immediately following the Calculation Amount Determination Date (as defined below) pay the SPURS Agent, in same-day funds by wire transfer to an account designated by the SPURS Agent, the Calculation Amount. The Calculation Amount will be determined by the SPURS Agent in good faith and on a commercially reasonable basis and will be equal to an amount, if any, that would be paid by the SPURS Agent in consideration of an agreement between the SPURS Agent and a Reference Corporate Dealer (other than the SPURS Agent) to enter into a transaction that would have the effect of preserving for the SPURS Agent the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent) by the SPURS Agent and the Beneficial Owners that would, but for the occurrence of the Calculation Event, have been required on the Remarketing Date. In determining the Calculation Amount, the SPURS Agent will be entitled to assume that the Notes are obligations issued by the United States Department of the Treasury backed by the full faith and credit of the United States of America. If the Calculation Event arises from a situation described in Clause (z) above, the Company's obligation to pay the Calculation Amount shall be in lieu of the Company's obligation to pay the Optional Redemption Price pursuant to Section 4(h). The SPURS Agent will determine the applicable Calculation Amount as soon as practicable after the occurrence of any of the Calculation Events (the date of such calculation, the "Calculation Amount Determination Date"). The SPURS Agent will promptly notify the Company of the Calculation Amount Determination Date and the Calculation Amount by telephone, confirmed in writing (which may include facsimile or other electronic transmission). The Calculation Amount, absent manifest error, shall be binding and conclusive upon the parties hereto.

(f) This Agreement will be subject to termination by the Company only upon a material breach by the SPURS Agent of its obligations hereunder or due to a material inaccuracy in a representation or warranty made by the SPURS Agent hereunder.

Section 12. SPURS Agent's Performance; Duty of Care. The duties and obligations of the SPURS Agent will be determined solely by the express provisions of this Agreement and

Section 18. Counterparts. This Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

Section 19. Amendments. This Agreement may be amended by any instrument in writing signed by each of the parties hereto so long as this Agreement as amended is not inconsistent with the Indenture in effect as of the date of any such amendment.

Section 20. Notices. Unless otherwise specified, any notices, requests, consents or other communications given or made hereunder or pursuant hereto will be made in writing (which may include facsimile or other electronic transmission) and will be deemed to have been validly given or made when (i) delivered or mailed, registered or certified mail, return receipt requested and postage prepaid, addressed as follows or (ii) sent by facsimile transmission to the applicable number indicated below:

(a) to the Company:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
Facsimile: (813) 228-4811
Telephone: (813) 228-4111
Attention: Roger H. Kessel

(b) to CITI:

Citibank, N.A.
c/o Citicorp Securities Inc.
399 Park Avenue
5th Floor, Zone 6
New York, New York 10043
Telephone: (212) 559-5249
Facsimile: (212) 793-1717
Attention: Pushkar K. Butani

or to such other address as the Company or the SPURS Agent will specify in writing.

IN WITNESS WHEREOF, each of the Company and the SPURS Agent has caused this SPURS Remarketing Agreement to be executed in its name and on its behalf by one of its duly authorized officers as of the date first above written.

TAMPA ELECTRIC COMPANY

By _____
Sandra W. Callahan
Treasurer

CITIBANK, N.A.

By _____
Title:

IN WITNESS WHEREOF, each of the Company and the SPURS Agent has caused this SPURS Remarketing Agreement to be executed in its name and on its behalf by one of its duly authorized officers as of the date first above written.

TAMPA ELECTRIC COMPANY

By_____
Title:

CITIBANK, N.A.

By_____
Title: Authorized Signatory

Exhibit I

TAMPA ELECTRIC COMPANY

$200,000,000

Medium-Term Note Program

Due from 9 Months to 40 Years from Date of Issue

AGENCY AGREEMENT

July 28, 1998

Citicorp Securities, Inc.
399 Park Avenue
5th Floor, Zone 6
New York, New York 10043

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Ladies and Gentleman:

Tampa Electric Company, a Florida corporation (the "*Company*"), confirms its agreement with each of you with respect to the issue and sale from time to time by the Company of up to $200,000,000 (or the equivalent thereof in one or more foreign currencies or composite currencies) aggregate initial public offering price of its medium-term notes due from 9 months to 40 years from date of issue (the "*Notes*"). The Notes will be issued under an Indenture dated as of July 1, 1998 (the "*Base Indenture*") between the Company and The Bank of New York, as Trustee (the "*Trustee*"), and will have the maturities, interest rates, redemption provisions, if any, and other terms as set forth in indentures supplemental to the Base Indenture (each, a "*Supplemental Indenture*," the Base Indenture as amended by such Supplemental Indentures referred to herein as the "*Indenture*").

The Company hereby appoints Citicorp Securities, Inc. and Morgan Stanley & Co. Incorporated (individually an "*Agent*" and collectively the "*Agents*") as its agents, subject to Section 8, Section 11 and the Company's right to sell Notes directly to investors without the use of agents for the purpose of soliciting and receiving offers to purchase Notes from the Company by others and, on the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, each Agent agrees to use reasonable efforts to solicit and receive offers to purchase Notes upon terms acceptable to the Company at such times and in

such amounts as the Company shall from time to time specify. In addition, any Agent may also purchase Notes as principal pursuant to the terms of a purchase agreement relating to such sale (a "*Purchase Agreement*") in accordance with the provisions of Section 2(b) hereof.

The Company has filed with the Securities and Exchange Commission (the "*Commission*") a registration statement, including a prospectus, relating to the Notes. Such registration statement, including the exhibits thereto and any amendments thereto, is hereinafter referred to as the "*Registration Statement*." The Company proposes to file with the Commission from time to time, pursuant to Rule 424 under the Securities Act of 1933, as amended (the "*Securities Act*"), supplements to the prospectus included in the Registration Statement that will describe certain terms of the Notes. The prospectus in the form in which it appears in the Registration Statement is hereinafter referred to as the "*Base Prospectus*." The term "*Prospectus*" means the Base Prospectus together with the prospectus supplement or supplements (each a "*Prospectus Supplement*") specifically relating to Notes, as filed with, or transmitted for filing to, the Commission pursuant to Rule 424. As used herein, the terms "*Base Prospectus*" and "*Prospectus*" shall include in each case the documents, if any, incorporated by reference therein. The terms "*supplement*," "*amendment*" and "*amend*" as used herein shall include all documents deemed to be incorporated by reference in the Prospectus that are filed subsequent to the date of the Base Prospectus by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "*Exchange Act*").

1. *Representations and Warranties.* The Company represents and warrants to and agrees with each Agent as of the Commencement Date (as defined below), as of each date on which an Agent solicits offers to purchase Notes from the Company, as of each date on which the Company accepts an offer to purchase Notes (including any purchase by an Agent pursuant to a Purchase Agreement), as of each date the Company issues and delivers Notes, and as of each date the Registration Statement or the Base Prospectus is amended or supplemented, as follows (it being understood that such representations, warranties and agreements shall be deemed to relate to the Registration Statement, the Base Prospectus and the Prospectus, each as amended or supplemented to each such date):

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) (i) Each document filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Prospectus, on the date it was or is filed with the Commission, (A) complied or will comply in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder and (B) did not contain and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, when so

amended or supplemented, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement, on the date it was declared effective, and the Prospectus, as of the date of the Base Prospectus, complied and, as amended or supplemented, if applicable, on the date of such Amendment or Supplement, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, and (iv) the Prospectus does not contain and, as amended or supplemented, if applicable, on the date of such Amendment or Supplement, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however,* that (1) the representations and warranties set forth in this paragraph do not apply (x) to statements or omissions in the Registration Statement or the Prospectus based upon information relating to an Agent furnished to the Company in writing by such Agent expressly for use therein or (y) to that part of the Registration Statement that constitutes the Statement of Eligibility (Form T-1) under the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), of the Trustee and (2) the representations and warranties set forth in clauses 1(b)(ii) and 1(b)(iv) above, when made as of the Commencement Date or as of any date on which an Agent solicits offers to purchase Notes from the Company or on which the Company accepts an offer to purchase Notes, shall be deemed not to cover information concerning an offering of particular Notes to the extent such information will be set forth in a supplement to the Base Prospectus;

(c) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Florida, and has the power and authority (corporate and otherwise) to own its property and to conduct its business as described in the Prospectus;

(d) The Company has full power and lawful authority to authorize, execute and deliver this Agreement and any applicable Written Purchase Agreement (as hereinafter defined) on the terms and conditions set forth herein and therein and the Agreement and any applicable Written Purchase Agreement have been duly authorized, executed and delivered by the Company;

(e) The Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms;

(f) The Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the purchasers thereof, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company;

(g) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Notes, the Indenture and any applicable Written Purchase Agreement will not result in a breach of or constitute a default under nor will it violate the provisions of any indenture, mortgage, deed of trust, agreement, or other instrument to which the Company is a party or by which it or any of its property is bound nor will it violate the provisions of the Restated Articles of Incorporation or by-laws of the Company or any statute, or any order, rule or regulation, to the extent applicable to the Company, of any court or other governmental or regulatory body and no consent, approval, authorization or order of, or qualification with, any governmental or regulatory body, including the Florida Public Service Commission, is required for the performance by the Company of its obligations under this Agreement, the Notes, the Indenture and any applicable Purchase Agreement, except, as have been obtained and except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes;

(h) There has not occurred any material adverse change in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus;

(i) The financial statements of the Company, together with related notes, incorporated in the Registration Statement and the Prospectus present fairly, in accordance with generally accepted accounting principles consistently applied (except as stated therein and except the notes to the interim financial statements), the financial position and the results of operations of the Company and its predecessors at the dates and for the respective periods to which they apply;

(j) The Company is not and, after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as such term is defined in the Investment Company Act of 1940, as amended;

(k) PricewaterhouseCoopers LLP, successor to Coopers & Lybrand LLP who have certified financial statements of the Company, are independent public accountants as required by the Securities Act and the rules and regulations of the Commission thereunder; and

(l) The Company has complied with all provisions of Section 517.075, Florida Statutes relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba.

2. *Solicitations as Agent; Purchases as Principal.*

(a) *Solicitations as Agent.* In connection with an Agent's actions as agent hereunder, such Agent agrees to use reasonable efforts to solicit offers to purchase Notes upon the terms and conditions set forth in the Prospectus as then amended or supplemented.

The Company reserves the right, in its sole discretion, to instruct the Agents to suspend at any time, for any period of time or permanently, the solicitation of offers to purchase Notes. Upon receipt of notice from the Company, the Agents will forthwith suspend solicitations of offers to purchase Notes from the Company until such time as the Company has advised the Agents that such solicitation may be resumed. While such solicitation is suspended, the Company shall not be required to deliver any certificates, opinions or letters in accordance with Sections 5(a), 5(b) and 5(c); *provided, however,* that if the Registration Statement or Prospectus is amended or supplemented during the period of suspension (other than by an amendment or supplement providing solely for a change in the interest rates, redemption provisions, amortization schedules or maturities offered on the Notes or for a change the Agents deem to be immaterial), no Agent shall be required to resume soliciting offers to purchase Notes until the Company has delivered such certificates, opinions and letters as such Agent may reasonably request.

The Company agrees to pay to each Agent, as consideration for the sale of each Note resulting from a solicitation made or an offer to purchase received by such Agent, a commission in the form of a discount from the purchase price of such Note equal to the percentage set forth below of the purchase price of such Note:

Term	Commission Rate
From 9 months to less than 1 year	.125%
From 1 year to less than 18 months	.150%
From 18 months to less than 2 years	.200%
From 2 years to less than 3 years	.250%
From 3 years to less than 4 years	.350%
From 4 years to less than 5 years	.450%
From 5 years to less than 6 years	.500%
From 6 years to less than 7 years	.550%
From 7 years to less than 10 years	.600%
From 10 years to less than 15 years	.625%
From 15 years to less than 20 years	.700%
From 20 years to less than 30 years	.750%
30 years and beyond	Subject to negotiation

Each Agent shall communicate to the Company, orally or in writing, each offer to purchase Notes received by such Agent as agent that in its judgment should be considered by the Company. The Company shall have the sole right to accept offers to purchase Notes and may reject any offer in whole or in part. Each Agent shall have the right to reject any offer to purchase Notes that it considers to be unacceptable, and any such rejection shall not be deemed a breach of its agreements contained herein. The procedural details relating to the issue and delivery of Notes sold by the Agents as agents and the payment therefor shall be as set forth in the Supplemental Indenture relating to such Notes. Additional procedural details relating to such Notes may be set forth in one or more letter agreements between the Company and the Trustee.

(b) *Purchases as Principal.* Each sale of Notes to an Agent as principal shall be made in accordance with the terms of this Agreement. In connection with each such sale, the Company will enter into a Purchase Agreement that will provide for the sale of such Notes to and the purchase thereof by such Agent. Each Purchase Agreement will take the form of a written agreement between such Agent and the Company, which may be substantially in the form of Exhibit A hereto (a "*Written Purchase Agreement*").

An Agent's commitment to purchase Notes pursuant to a Purchase Agreement shall be deemed to have been made on the basis of the representations and warranties of the Company herein contained and shall be subject to the terms and conditions herein set forth. Each Purchase Agreement shall specify the principal amount of Notes to be purchased by such Agent pursuant thereto, the maturity date of such Notes, the price to be paid to the Company for such Notes, the interest rate and interest rate formula, if any, applicable to such Notes and other terms of such Notes. Each such Purchase Agreement may also specify any requirements for officers' certificates, opinions of counsel and letters from the independent public accountants of the Company pursuant to Section 4 hereof. A Purchase Agreement may also specify certain provisions relating to the reoffering of such Notes by such Agent.

Each Purchase Agreement shall specify the time and place of delivery of and payment for such Notes. Unless otherwise specified in a Purchase Agreement, the procedural details relating to the issue and delivery of Notes purchased by an Agent as principal and the payment therefor shall be as set forth in the Supplemental Indenture relating to such Notes. Additional procedural details relating to such Notes may be set forth in one or more letter agreements between the Company and the Trustee. Each date of delivery of and payment for Notes to be purchased by an Agent pursuant to a Purchase Agreement is referred to herein as a "*Settlement Date.*"

Unless otherwise specified in a Purchase Agreement, if you are purchasing Notes as principal you may resell such Notes to other dealers. Any such sales may be at a

discount, which shall not exceed the amount set forth in the Prospectus Supplement relating to such Notes.

(c) *Delivery.* The documents required to be delivered by Section 4 of this Agreement as a condition precedent to each Agent's obligation to begin soliciting offers to purchase Notes as an agent of the Company shall be delivered at the office of Ropes & Gray, counsel for the Agents, not later than 10:00 a.m., New York City time, on the date hereof, or at such other time and/or place as the Agents and the Company may agree upon in writing, but in no event later than the day prior to the earlier of (i) the date on which the Agents begin soliciting offers to purchase Notes or (ii) the first date on which the Company accepts any offer by an Agent to purchase Notes pursuant to a Purchase Agreement. The date of delivery of such documents is referred to herein as the "*Commencement Date.*"

(d) *Obligations Several.* The Company acknowledges that the obligations of the Agents under this Agreement are several and not joint.

3. *Agreements.* The Company agrees with each Agent that:

(a) Prior to the termination of the offering of the Notes pursuant to this Agreement or any Purchase Agreement, the Company will not file any Prospectus Supplement relating to Notes or any amendment to the Registration Statement unless the Company has previously furnished to the Agents copies thereof for their review and will not file any such proposed supplement or amendment to which the Agents reasonably object; *provided, however*, that (i) the foregoing requirement shall not apply to any of the Company's periodic filings with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, copies of which filings the Company will cause to be delivered to the Agents promptly after being transmitted for filing with the Commission and (ii) any Prospectus Supplement that merely sets forth the terms or a description of particular Notes shall only be reviewed and approved by the Agent or Agents offering such Notes. Subject to the foregoing sentence, the Company will promptly cause each Prospectus Supplement to be filed with or transmitted for filing to the Commission in accordance with Rule 424(b) under the Securities Act. The Company will promptly advise the Agents (i) of the filing of any amendment or supplement to the Base Prospectus (except that notice of the filing of an amendment or supplement to the Base Prospectus that merely sets forth the terms or a description of particular Notes shall only be given to the Agent or Agents offering such Notes), (ii) of the filing and effectiveness of any amendment to the Registration Statement, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Base Prospectus or for any additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose, and (v) of the receipt

by the Company of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will use reasonable efforts to prevent the issuance of any such stop order or notice of suspension of qualification and, if issued, to obtain as soon as practicable the withdrawal thereof. If the Base Prospectus is amended or supplemented as a result of the filing under the Exchange Act of any document incorporated by reference in the Prospectus, no Agent shall be obligated to solicit offers to purchase Notes so long as it is not reasonably satisfied with such document.

(b) If, at any time when a prospectus relating to Notes is required to be delivered under the Securities Act, any event occurs or condition exists as a result of which the Prospectus, as then amended or supplemented, would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances when the Prospectus, as then amended or supplemented, is delivered to a purchaser, not misleading, or if, in the opinion of the Company, it is necessary at any time to amend or supplement the Prospectus, as then amended or supplemented, to comply with applicable law, the Company will immediately notify the Agents by telephone (with confirmation in writing) to suspend solicitation of offers to purchase Notes and, if so notified by the Company, the Agents shall forthwith suspend such solicitation and cease using the Prospectus, as then amended or supplemented. If the Company shall decide to amend or supplement the Registration Statement or Prospectus, as then amended or supplemented, it shall so advise the Agents promptly by telephone (with confirmation in writing) and, at its expense, shall prepare and cause to be filed with the Commission, except as otherwise expressly provided, at such time it deems appropriate, an amendment or supplement to the Registration Statement or Prospectus, as then amended or supplemented, reasonably satisfactory to the Agents, that will correct such statement or omission or effect such compliance, and will supply such amended or supplemented Prospectus to the Agents in such quantities as they may reasonably request. If any documents, certificates, opinions and letters furnished to the Agents pursuant to Sections 3(f), 5(a), 5(b) and 5(c) in connection with the preparation and filing of such amendment or supplement are reasonably satisfactory to the Agents, upon the filing with the Commission of such amendment or supplement to the Prospectus or upon the effectiveness of an amendment to the Registration Statement, the Agents will resume the solicitation of offers to purchase Notes hereunder. Notwithstanding any other provision of this paragraph, until the distribution of any Notes an Agent may own as principal has been completed up to a maximum of fifteen days from the date of the Purchase Agreement, if any event described above in this paragraph occurs, the Company will, at its own expense, forthwith prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or Prospectus, as then amended or supplemented, reasonably satisfactory to such Agent, will supply such amended or supplemented Prospectus to such Agent in such quantities as it may reasonably request, and shall furnish to such Agent

pursuant to Sections 3(f), 5(a), 5(b), and 5(c) such documents, certificates, opinions, and letters as it may request in connection with the preparation and filing of such amendment or supplement.

(c) The Company will make generally available to its security holders an earning statement that satisfies the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder covering a twelve month period beginning not later than the first day of the Company's fiscal quarter next following the "effective date" (as defined in Rule 158 under the Securities Act) of the Registration Statement with respect to each sale of Notes. If such fiscal quarter is the first fiscal quarter of the Company's fiscal year, such earning statement shall be made available not later than 90 days after the close of the period covered thereby and in all other cases shall be made available not later than 45 days after the close of the period covered thereby.

(d) The Company will furnish to each Agent, without charge, a conformed copy of the Registration Statement, including exhibits and all amendments thereto, and as many copies of the Prospectus, any documents incorporated by reference therein and any supplements and amendments thereto as such Agent may reasonably request.

(e) The Company will cooperate in the qualification of the Notes for offer and sale under the securities or Blue Sky laws of such jurisdictions in the United States as the Agents shall reasonably request and help to maintain such qualifications for as long as the Agents shall reasonably request.

(f) The Company shall furnish to the Agents such relevant documents and certificates of officers of the Company relating to the business, operations and affairs of the Company, the Registration Statement, the Base Prospectus, any amendments or supplements thereto, the Indenture, any Supplemental Indenture, the Notes, this Agreement, any Purchase Agreement and the performance by the Company of its obligations hereunder or thereunder as the Agents may from time to time reasonably request.

(g) The Company shall notify the Agents promptly in writing of any downgrading, or of its receipt of any notice of any intended or potential downgrading or of any review for possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(h) The Company will, whether or not any sale of Notes is consummated, pay all expenses incident to the performance of its obligations under this Agreement and any Purchase Agreement, including (i) the preparation and filing of the Registration

Statement and the Prospectus and all amendments and supplements thereto, (ii) the preparation, issuance and delivery of the Notes, (iii) the fees and disbursements of the Company's counsel and accountants and of the Trustee and its counsel, (iv) the qualification of the Notes under securities or Blue Sky laws in accordance with the provisions of Section 3(e), including filing fees and the fees and disbursements of counsel for the Agents in connection therewith and in connection with the preparation of any Blue Sky Memoranda in an amount not exceeding $5,000 with respect to any such memorandum, (v) the printing and delivery to the Agents in quantities as hereinabove stated of copies of the Registration Statement and all amendments thereto and of the Prospectus and any amendments or supplements thereto, (vi) any fees charged by rating agencies for a requested rating of the Notes (the Company agrees the Agent shall not be obligated to pay bills for unrequested ratings) (vii) any expenses incurred by the Company in connection with a "road show" presentation to potential investors and (ix) the fees and disbursements of counsel for the Agents incurred in connection with the offering and sale of the Notes, including any opinions to be rendered by such counsel hereunder, and (x) any out-of-pocket expenses incurred by the Agents which have been approved by the Company.

(i) During the period beginning the date of any Purchase Agreement and continuing to and including the Settlement Date with respect to such Purchase Agreement (which period shall not exceed 15 days), the Company will not, without such Agent's prior written consent, offer, sell, contract to sell or otherwise dispose of any debt securities of the Company or warrants to purchase debt securities of the Company substantially similar to such Notes (other than (A) the Notes that are to be sold pursuant to such Purchase Agreement, (B) Notes previously agreed to be sold by the Company, (C) commercial paper issued in the ordinary course of business and (D) in connection with Acquisitions), except as may otherwise be provided in such Purchase Agreement.

4. *Conditions of the Obligations of the Agents.* Each Agent's obligation to solicit offers to purchase Notes as agent of the Company, each Agent's obligation to purchase Notes pursuant to any Purchase Agreement, and the obligation of a purchaser to purchase Notes sold through an Agent as agent will be subject to the accuracy in all material respects of the representations and warranties on the part of the Company herein, to the accuracy in all material respects of the statements of the Company's officers made in each certificate furnished pursuant to the provisions hereof, and to the performance and observance by the Company in all material respects of all covenants and agreements herein contained on its part to be performed and observed (in the case of an Agent's obligation to solicit offers to purchase Notes, at the time of such solicitation, and, in the case of an Agent's or other purchaser's obligation to purchase Notes, at the time the Company accepts the offer to purchase such Notes and at the time of issuance and delivery) and (in each case) to the following additional conditions precedent when and as specified:

(a) Prior to such solicitation or purchase, as the case may be:

(i) there shall not have occurred any change in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus, as amended or supplemented at the time of such solicitation or at the time such offer to purchase was made, that, in the reasonable judgment of the relevant Agent, is material and adverse and that makes it, in the reasonable judgment of such Agent, impracticable to market the Notes on the terms and in the manner contemplated by the Prospectus, as so amended or supplemented;

(ii) there shall not have occurred any (A) suspension or material limitation of trading generally on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (B) suspension of trading of any securities of the Company on any exchange or in any over-the-counter market, (C) declaration of a general moratorium on commercial banking activities in New York by either Federal or New York State authorities or (D) any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in the reasonable judgment of the relevant Agent, is material and adverse and, in the case of any of the events described in clauses 4(a)(ii)(A) through 4(a)(ii)(D), such event, singly or together with any other such event, makes it, in the reasonable judgment of such Agent, impracticable to market the Notes on the terms and in the manner contemplated by the Prospectus, as amended or supplemented at the time of such solicitation or at the time such offer to purchase was made; and

(iii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

except (A) in each case described in Section 4(a)(i), 4(a)(ii) or 4(a)(iii) above, as disclosed to the relevant Agent in writing by the Company prior to such solicitation or, in the case of a purchase of Notes, as disclosed to the relevant Agent before the offer to purchase such Notes was made, or (B) in each case described in Section 4(a)(ii) above, the relevant event shall have occurred and been known to the relevant Agent before such solicitation or, in the case of a purchase of Notes, before the offer to purchase such Notes was made.

(b) On the Commencement Date and, if called for by any Purchase Agreement, on the corresponding Settlement Date, the relevant Agents shall have received:

(i) The opinion, dated as of such date, of Palmer & Dodge LLP, outside counsel for the Company, to the effect that:

(A) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Florida has the corporate power and authority to own its property and to conduct its business as described in the Prospectus, as then amended or supplemented;

(B) each of this Agreement and any applicable Written Purchase Agreement has been duly authorized, executed and delivered by the Company;

(C) the Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(D) the Notes have been duly authorized and, if executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the purchasers thereof on the date of such opinion, would be entitled to the benefits of the Indenture and would be valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(E) the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Notes, the Indenture and any applicable Written Purchase Agreement will not contravene any provision of applicable law or the restated Articles of incorporation or by-laws of the Company or constitute a default under any agreement or other instrument binding upon the Company or any of its subsidiaries that is listed as an exhibit to the Company's Form 10-K for the

year ended December 31, 1997, or any subsequently filed periodic report, or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, the Notes, the Indenture and any applicable Purchase Agreement, except as has been obtained and except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes or the rules of the National Association of Securities Dealers;

(F) The Registration Statement has become effective under the Securities Act, and, to the best of the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act;

(G) the statements in the Prospectus, as then amended or supplemented, under the captions "Description of the Debt Securities," insofar as such statements constitute summaries of the provisions of the Indenture fairly summarize the matters referred to therein;

(H) such counsel is of the opinion ascribed to it in the Prospectus, as then amended or supplemented, under the caption "Certain Federal Income Tax Consequences";

(I) such counsel (1) is of the opinion that each document filed pursuant to the Exchange Act and incorporated by reference in the Prospectus, as then amended or supplemented (except for financial statements and schedules and other financial and statistical data included therein as to which such counsel need not express any opinion) complied when so filed as to form in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (2) nothing has come to such counsel's attention which has caused it to believe that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any belief and except for that part of the Registration Statement that constitutes the Form T-1 heretofore referred to) each part of the Registration Statement, as then amended, if applicable, when such part became effective, contained any untrue statement of a material fact or omitted to state a material fact

required to be stated therein or necessary to make the statements therein not misleading, (3) is of the opinion that the Registration Statement and Prospectus, as then amended or supplemented, if applicable (except for financial statements and schedules and other financial or statistical data included therein as to which such counsel need not express any opinion) comply as to form in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (4) nothing has come to such counsel's attention which causes it to believe that (except for financial statements and schedules and other financial or statistical data as to which such counsel need not express any belief) the Prospectus, as then amended or supplemented, if applicable, as of the date such opinion is delivered contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that in the case of an opinion delivered on the Commencement Date or pursuant to Section 5(b), the opinion and belief set forth in clauses 4(b)(i)(I)(3) and 4(b)(i)(I)(4) above shall be deemed not to cover information concerning an offering of particular Notes to the extent such information will be set forth in a supplement to the Base Prospectus.

In rendering such opinion, Palmer & Dodge may rely as to such matters governed by Florida law upon the opinion of Sheila M. McDevitt, corporate counsel to the Company (provided Palmer & Dodge shall state that they believe both they and you are justified in relying upon such opinion).

(ii) The opinion, dated as of such date, of Ropes & Gray, counsel for the Agents, covering such matters as the Agents may reasonably request, such counsel having received such papers and information as they may reasonably request to enable them to pass on such matters.

(c) On the Commencement Date and, if called for by any Purchase Agreement, on the corresponding Settlement Date, the relevant Agents shall have received a certificate of the Company, dated the Commencement Date or such Settlement Date, as the case may be, and signed by an executive officer of the Company, to the effect set forth in Section 4(a)(iii) and to the effect that the representations and warranties of the Company contained in this Agreement are, to the best of his or her knowledge true and correct in all material respects as of such date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied on or before such date.

(d) On the Commencement Date and, if called for by any Purchase Agreement, on the corresponding Settlement Date, PricewaterhouseCoopers LLP, independent public accountants, shall have furnished to the relevant Agents a letter or letters, dated the Commencement Date or such Settlement Date, as the case may be, in form and substance satisfactory to such Agents containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Prospectus, as then amended or supplemented.

(e) On the Commencement Date and on each Settlement Date, the Company shall have furnished to the relevant Agents such appropriate further information, certificates and documents as they may reasonably request.

5. *Additional Agreements of the Company.*

(a) Each time the Registration Statement or Prospectus is amended or supplemented (other than by an amendment or supplement providing solely for a change in the interest rates, redemption provisions, amortization schedules or maturities offered on the Notes or for a change the Agents deem to be immaterial), upon the reasonable request of the Agent the Company will deliver or cause to be delivered forthwith to each Agent a certificate of the Company signed by an executive officer of the Company, dated the date of such amendment or supplement, as the case may be, in form reasonably satisfactory to the Agents, of the same tenor as the certificate referred to in Section 4(c) relating to the Registration Statement or the Prospectus as amended or supplemented to the time of delivery of such certificate.

(b) Each time the Company furnishes a certificate pursuant to Section 5(a), the Company will furnish or cause to be furnished forthwith to each Agent a written opinion of independent counsel for the Company. Any such opinion shall be dated the date of such amendment or supplement, as the case may be, shall be in a form satisfactory to the Agents and shall be of the same tenor as the opinion referred to in Section 4(b)(i), but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such opinion. In lieu of such opinion, counsel last furnishing such an opinion to an Agent may furnish to each Agent a letter to the effect that such Agent may rely on such last opinion to the same extent as though it were dated the date of such letter (except that statements in such last opinion will be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented to the time of delivery of such letter.)

(c) Each time the Registration Statement or the Prospectus is amended or supplemented to set forth amended or supplemental financial information or such amended or supplemental information is incorporated by reference in the Prospectus, the Company, upon the reasonable request of the Agent, shall cause its independent public

accountants forthwith to furnish each Agent with a letter, dated the date of such amendment or supplement, as the case may be, in form satisfactory to the Agents, of the same tenor as the letter referred to in Section 4(d), with regard to the amended or supplemental financial information included or incorporated by reference in the Registration Statement or the Prospectus as amended or supplemented to the date of such letter.

6. *Indemnity and Contribution.*

(a) The Company agrees to indemnify and hold harmless each Agent and each person, if any, who controls any Agent within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by (A) any such untrue statement or omission or alleged untrue statement or omission based upon (i) information relating to such Agent furnished to the Company in writing by such Agent expressly for use therein or (ii) information in that part of the Registration Statement that constitutes the Form T-1, (B) failure to deliver the Prospectus as most recently supplemented or amended with or prior to the written confirmation of such sale or (C) sales made following notice pursuant to Section 3(b) and prior to delivery of an amended or supplemented Prospectus.

(b) Each Agent agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Agent, but only with reference to information relating to such Agent furnished to the Company in writing by such Agent expressly for use in the Registration Statement or the Prospectus or any amendments or supplements thereto.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either Section 6(a) or 6(b) above, such person (the "*indemnified party*") shall promptly notify the person against whom such indemnity may be sought (the "*indemnifying party*") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified

party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Agents that are indemnified parties, in the case of parties indemnified pursuant to Section 6(a) above, and by the Company, in the case of parties indemnified pursuant to Section 6(b) above. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) To the extent the indemnification provided for in Section 6(a) or 6(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and each Agent on the other hand from the offering of such Notes or (ii) if the allocation provided by clause 6(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 6(d)(i) above but also the relative fault of the Company on the one hand and each Agent on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and each Agent on the other hand in connection with the offering of such Notes shall be deemed to be in the same respective proportions as the total net proceeds from the offering of such Notes (before deducting expenses) received by the Company bear to the total discounts and commissions received by each Agent in respect thereof. The relative fault of the Company on the one hand and each Agent on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by such Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or

prevent such statement or omission. Each Agent's obligation to contribute pursuant to this Section 6 shall be several in the proportion that the principal amount of the Notes the sale of which by or through such Agent gave rise to such losses, claims, damages or liabilities bears to the aggregate principal amount of the Notes the sale of which by or through any Agent gave rise to such losses, claims, damages or liabilities, and not joint.

(e) The Company and the Agents agree that it would not be just or equitable if contribution pursuant to this Section 6 were determined by *pro rata* allocation (even if the Agents were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 6(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 6(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, no Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Notes referred to in Section 6(d) that were offered and sold to the public through such Agent exceeds the amount of any damages that such Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 6, representations, warranties and other statements of the Company, its officers and the Agents set forth in or made pursuant to this Agreement or any Purchase Agreement will remain in full force and effect regardless of (i) any termination of this Agreement or any such Purchase Agreement, (ii) any investigation made by or on behalf of any Agent or any person controlling any Agent or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Notes.

7. *Position of the Agents.* In acting under this Agreement and in connection with the sale of any Notes by the Company (other than Notes sold to an Agent pursuant to a Purchase Agreement), each Agent is acting solely as agent of the Company and does not assume any obligation towards or relationship of agency or trust with any purchaser of Notes. An Agent shall make reasonable efforts to assist the Company in obtaining performance by each purchaser whose offer to purchase Notes has been solicited by such Agent and accepted by the Company, but such Agent shall not have any liability to the Company in the event any such purchase is not consummated for any reason. If the Company shall default in its obligations to deliver Notes to a purchaser whose offer it has accepted, the Company shall hold the relevant Agent harmless

against any loss, claim, damage or liability arising from or as a result of such default and shall, in particular, pay to such Agent the commission it would have received had such sale been consummated.

8. *Termination.* This Agreement may be terminated at any time by the Company or, as to any Agent, by the Company or such Agent upon the giving of written notice of such termination to the other parties hereto, but without prejudice to any rights, obligations or liabilities of any party hereto accrued or incurred prior to such termination. The termination of this Agreement shall not require termination of any Purchase Agreement, and the termination of any such Purchase Agreement shall not require termination of this Agreement. If this Agreement is terminated, the provisions of the third paragraph of Section 2(a), Section 2(c), the last sentence of Section 3(b) and Sections 3(c), 3(h), 6, 7, 9, 10 and 13 shall survive; *provided* that if at the time of termination an offer to purchase Notes has been accepted by the Company but the time of delivery to the purchaser or its agent of such Notes has not occurred, the provisions of Sections 1, 2(b), 3(a), 3(d), 3(e), 3(f), 3(g), 3(i), 4 and 5 shall also survive until such delivery has been made.

9. *Notices.* All communications hereunder will be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices shall be sent,

if to the Agents, to:

Citicorp Securities, Inc.
399 Park Avenue
5th Floor, Zone 6
New York, New York 10043
Facsimile: (212) 793-1717
Attention: Pushkar K. Butani

and to:

Morgan Stanley & Co. Incorporated
1585 Broadway, 2nd Floor
New York, New York 10036
Telephone: (212) 761-4000
Facsimile: (212) 761-0780
Attention: Manager - Continuously Offered Products

with a copy to:

Morgan Stanley & Co. Incorporated
1585 Broadway, 34th Floor
New York, New York 10036
Attention: Peter Cooper, Investment Banking Information Center
Telephone: (212) 761-8385
Telecopier: (212) 761-0260

and a copy to:

Ropes & Gray
One International Place
Boston, Massachusetts 02110
Facsimile: (617) 951-7050
Attention: Mark V. Nuccio

and if to the Company, to:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
Facsimile: (813) 228-4811
Attention: Roger H. Kessel

with a copy to:

Palmer & Dodge LLP
One Beacon Street
Boston, Massachusetts 02108
Facsimile: (617) 227-4420
Attention: John L. Whitlock

10. *Successors.* This Agreement and any Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, directors and controlling persons referred to in Section 6 and the purchasers of Notes (to the extent expressly provided in Section 4), and no other person will have any right or obligation hereunder.

11. *Amendments.* This Agreement may be amended or supplemented if, but only if, such amendment or supplement is in writing and is signed by the Company and each Agent; *provided* that the Company may from time to time, on seven days prior written notice to the Agents but without the consent of any Agent, amend this Agreement to add as a party hereto one

or more additional firms registered under the Exchange Act, whereupon each such firm shall become an Agent hereunder on the same terms and conditions as the other Agents that are parties hereto. The Agents shall sign any amendment or supplement giving effect to the addition of any such firm as an Agent under this Agreement.

12. *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same .nstrument.

13. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York except with respect to its conflicts of laws principles.

14. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and you.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name: Sandra W. Callahan
Title: Treasurer and Assistant Secretary

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

CITICORP SECURITIES, INC.

By: _____
Name:
Title:

MORGAN STANLEY & CO. INCORPORATED

By: _____
Name:
Title:

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and you.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

CITICORP SECURITIES, INC.

By: David A. Chin
Name: David A. Chin
Title: Vice President

MORGAN STANLEY & CO. INCORPORATED

By: _____
Name:
Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and you.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

CITICORP SECURITIES, INC.

By: _____
Name:
Title:

MORGAN STANLEY & CO. INCORPORATED

By: _____
Name: Michael Fusco
Title: Vice President

EXHIBIT A

TAMPA ELECTRIC COMPANY

Medium-Term Notes

PURCHASE AGREEMENT

[Date]

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
Attention: Sandra Callahan

Re: Purchase of Medium-Term Notes due [Maturity Date] (the "Notes")

Reference is made to the Agency Agreement dated July __, 1998 between you and each of us (the "Agency Agreement"). Capitalized terms used herein and not defined are used as defined in the Agency Agreement.

We agree to purchase, severally and not jointly, the principal amount of Notes set forth below opposite our names:

Name	Principal Amount of Notes
Citicorp Securities, Inc.	$
Morgan Stanley & Co. Incorporated	
Total	$_____

The Notes shall be in the form of, and shall have the terms set forth in, the Form of Note attached as Exhibit A hereto.

The provisions of Sections 1, 2(b), 2(c), 3 through 6 and 9 through 13 of the Agency Agreement and the related definitions are incorporated by reference herein and shall be deemed to have the same force and effect as if set forth in full herein.

If on the Settlement Date any one or more of the Agents shall fail or refuse to purchase Notes that it has or they have agreed to purchase on such date, and the aggregate amount of Notes which such defaulting Agent or Agents agreed but failed or refused to purchase is not

more than one-tenth of the aggregate amount of the Notes to be purchased on such date, the other Agents shall be obligated severally in the proportions that the amount of Notes set forth opposite their respective names above bears to the aggregate amount of Notes set forth opposite the names of all such non-defaulting Agents, or in such other proportions as Citicorp Securities may specify, to purchase the Notes which such defaulting Agent or Agents agreed but failed or refused to purchase on such date; *provided* that in no event shall the amount of Notes that any Agent has agreed to purchase pursuant to this Agreement be increased pursuant to this paragraph by an amount in excess of one-ninth of such amount of Notes without the written consent of such Agent. If on the Settlement Date any Agent or Agents shall fail or refuse to purchase Notes and the aggregate amount of Notes with respect to which such default occurs is more than one-tenth of the aggregate amount of Notes to be purchased on such date, and arrangements satisfactory to Citicorp Securities and the Company for the purchase of such Notes are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Agent or the Company. In any such case either Citicorp Securities or the Company shall have the right to postpone the Settlement Date but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Agent from liability in respect of any default of such Agent under this Agreement.

This Agreement is also subject to termination on the terms incorporated by reference herein. If this Agreement is terminated, the provisions of Sections 3(h), 6, 9, 10 and 13 of the Agency Agreement shall survive for the purposes of this Agreement.

The following information, opinions, certificates, letters and documents referred to in Section 4 of the Agency Agreement will be required: _____.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Agents and you.

Very truly yours,

CITICORP SECURITIES, INC.

By: _____
Name:
Title:

MORGAN STANLEY & CO. INCORPORATED

By: _____
Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title: