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March 31, 2003

HAND DELIVERED

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

Re: Application of Tampa Electric Company for authority to issue and sell securities during the twelve months ending November 30, 2002, pursuant to Section 366.04, F.S. and Chapter 25-8, F.A.C.;
DOCKET NO. 011324-EI

Dear Ms. Bayo:

Pursuant to Rule 25-8.009, Fla. Admin. Code, and this Commission's Order No. PSC-01-2275-FOF-EI issued November 19, 2001, 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, 2002.

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

JDB/pp
Enclosures

DOCUMENT NO.
02971-03
3/31/03

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF TAMPA ELECTRIC COMPANY FOR AUTHORITY TO ISSUE AND SELL SECURITIES PURSUANT TO SECTION 366.04, F.S., AND CHAPTER 25-8, F.A.C. DURING THE TWELVE MONTHS ENDING DECEMBER 31, 2002.

DOCKET NO. 011324-EI
FILED: 03/31/03

CONSUMMATION REPORT

The applicant, Tampa Electric Company (the "Company's"), pursuant to Commission Order No. PSC-01-2275-FOF-EI dated November 19, 2001, and Amendatory Order dated June 19, 2002, submits the following information.

1. Facts of Issues

On June 11, 2002, the Hillsborough County Industrial Development Authority ("HCIDA") issued $147,085,000 of Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002, consisting of $60,685,000 of 5.100% Term Bonds due October 1, 2013 (the "2013 Bonds") and $86,400,000 of 5.500% Term Bonds due October 1, 2023 (the "2023 Bonds," together with the 2013 Bonds, the "2002 HCIDA Bonds"). The 2002 HCIDA Bonds were issued for the purpose of refinancing the HCIDA's Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1972, outstanding in the principal amount of $22,085,000, and the HCIDA's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1991 and Series 1992, outstanding in the principal amount of. $125,000,000.

On August 15, 2002, HCIDA remarketed $125,805,000 of Pollution Control Revenue Refunding Bonds, consisting of $51,605,000 of Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990 (the "1990 Bonds"), $54,200,000 of Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Goal Conversion Project), Series 1992 (the "1992 Bonds") and $20,000,000 Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993 (the "1993 Bonds," together with the 1990 Bonds, the 1992 Bonds and the 1993 Bonds, the "HCIDA Remarketed Bonds"). The HCIDA Remarketed Bonds were remarketed for the purpose of converting the applicable interest rate on the HCIDA Remarketed Bonds into a long-term interest rate.

On August 26, 2002, the Company issued $550,000,000 of Notes, consisting of 5.375% Notes Due 2007 (the "2007 Notes") and 6.375% Notes Due 2012 (the "2012 Notes," together with the 2007 Notes, the "Notes"), under its $950,000,000 shelf registration, for the purpose of repaying maturing long-term debt, commercial paper and for general corporate purposes.

DOCUMENT NO.
02971-03
3/31/03

The Company regularly issues commercial paper for terms up to but not exceeding 270 days from the date of issuance. The commercial paper is sold at a discount, including the underwriting discount of the commercial paper dealer, at a rate comparable to interest rates being paid in the commercial paper market by borrowers of similar creditworthiness.

Given the frequency of these sales, it is not practicable to give the details of each issue. However, the Company's commercial paper activity can be summarized as follows:

Commercial Paper Activity for the period beginning January 1, 2002 and ending December 31, 2002 ($ millions)

Commercial Paper Issued:	$4,071
Commercial Paper Matured:	$4,309
Average Outstanding:	$ 209
Weighted Average Yield:	1.855%
Weighted Average Term:	9 days

2. Terms and Conditions

The 2013 Bonds and the 2023 Bonds bear interest at 5.100% and 5.500% per annum, respectively. The effective rate of the 2013 Bonds and the 2023 Bonds including issuance fees and expenses, the effect of a treasury lock and the payment of an option premium on the refinanced securities were 5.78% and 6.35%, respectively. Interest on the 2013 Bonds and the 2023 Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2002.

The HCIDA Remarketed Bonds bear interest at a fixed rate from August 15, 2002 to July 31, 2007 (the "Fixed Rate Period"). During the Fixed Rate Period, the 1990 Bonds and the 1992 Bonds bear interest at a fixed rate of 4.00% per annum, and the 1993 Bonds bear interest at a fixed rate of 4.25% per annum. Interest on the HCIDA Remarketed Bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2003. Following the Fixed Rate Period the interest rate on each series of HCIDA Remarketed Bonds will be a daily, weekly, short-term or long-term rate determined in accordance with the particular Loan and Trust Agreement pursuant to which each series of HCIDA Remarketed Bonds was originally issued.

The 2007 Notes and the 2012 Notes bear interest at 5.375% and 6.375% per annum, respectively. Interest on the 2007 Notes and the 2012 Notes is payable February 15 and August 15 of each year, commencing February 15, 2003.

3. Net Proceeds

2002 HCIDA Bonds:

$147,085,000.00	Bond issue
(147,085,000.00)	Bond repayment
$ - 0 -	Net Proceeds

HCIDA Remarketed Bonds:

$125,805,000	Bond issue
(125,805,000)	Bond repayment
$ - 0 -	Net Proceeds

2007 Notes:

$150,000,000	Note issue
(571,500)	Original Issue Discount
(900,000)	Underwriting fee
$148,528,500	Net Proceeds

2012 Notes:

$400,000,000	Note issue
(3,212,000)	Original Issue Discount
(2,600,000)	Underwriting fee
$394,188,000	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, 2002 are as follows:

Capital Structure	
Short-term debt	$ 10,500,000
Long-term debt	1,426,648,000
Preferred stock	- 0 -
Common Equity	1,838,031,000
	$ 3,275,179,000

Pretax interest coverages	
Including AFUDC	5.48 times
Excluding AFUDC	4.78 times

Debt interest requirements	$75,889,000
Preferred stock dividends	$ 0

5. Expenses of the Issues

The 2013 Bonds and the 2023 Bonds were offered to the public at an initial offering price of 101.757% and 98.755% of their face amount, respectively. The offering of the 2002 HCIDA Bonds was underwritten as indicated below.

	Amount Underwritten	Underwriting Fee
J.P. Morgan Securities Inc. 270 Park Avenue New York, NY 10017	$102,959,500	$566,277.25
Banc One Capital Markets, Inc. One Bank One Plaza Chicago, IL 60672	44,125,500	242,690.25
	$147,085,000	$808,967.50

The HCIDA Remarketed Bonds were offered to the public at an initial offering price of 100% of their face amount. The transaction was underwritten as indicated below.

	Amount Underwritten	Underwriting Fee
J.P. Morgan Securities Inc. 270 Park Avenue New York, NY 10017	$ 18,870,750	$ 94,354
Banc One Capital Markets, Inc. One Bank One Plaza Chicago, IL 60672	18,870,750	94,354
Salomon Smith Barney Inc. 390 Greenwich Street New York, NY 10013	88,063,500	440,318
	$125,805,000	$ 629,025

The 2007 Notes were offered to the public at an initial offering price of 99.619% of their face amount. The transaction was underwritten as indicated below.

	Amount Underwritten	Underwriting Fee
Salomon Smith Barney 388 Greenwich Street New York, NY 10013	$45,000,000	$ 270,000

Barclays Capital Inc. 222 Broadway New York, NY 10038	30,000,000	180,000
J.P. Morgan Securities Inc. 270 Park Avenue New York, NY 10017	30,000,000	- 180,000
Credit Lyonnais Securities (USA) Inc. 1301 Avenue of the Americas New York, NY 10019	7,500,000	45,000
Mizuho International plc Bracken House, One Friday Street London EC4M 9JA, UK	7,500,000	45,000
SG Cowen Securities Corporation 1221 Avenue of the Americas New York, NY 10020	7,500,000	45,000
SunTrust Robinson Humphrey 303 Peachtree Street, 23rd floor Atlanta, GA 30308	7,500,000	45,000
TD Securities (USA) Inc. 31 West 52nd Street New York, NY 10019	7,500,000	45,000
Westdeutsche Landesbank Girozentrale 1211 Avenue of the Americas New York, NY 10036	7,500,000	45,000
	$150,000,000	$ 900,000

The 2012 Notes were offered to the public at an initial offering price of 99.197% of their face amount. The transaction was underwritten as indicated below.

	Amount Underwritten	Underwriting Fee
Salomon Smith Barney 270 Park Avenue New York, NY 10017	$120,000,000	$ 780,000
Barclays Capital Inc. 222 Broadway New York, NY 10038	80,000,000	520,000

J.P. Morgan Securities Inc. 270 Park Avenue New York, NY 10017	80,000,000	520,000
Credit Lyonnais Securities (USA) Inc. 1301 Avenue of the Americas New York, NY 10019	20,000,000	130,000
Mizuho International plc Bracken House, One Friday Street London EC4M 9JA, UK	20,000,000	130,000
SG Cowen Securities Corporation 1221 Avenue of the Americas New York, NY 10020	20,000,000	130,000
SunTrust Robinson Humphrey 303 Peachtree Street, 23rd floor Atlanta, GA 30308	20,000,000	130,000
TD Securities (USA) Inc. 31 West 52nd Street New York, NY 10019	20,000,000	130,000
Westdeutsche Landesbank Girozentrale 1211 Avenue of the Americas New York, NY 10036	20,000,000	130,000
	$400,000,000	$2,600,000

Actual expenses incurred to date for these issuances are as follows:

2002 HCIDA Bonds:

Underwriting fee	$ 808,967.50
Legal fees and expenses of Company counsel	147,448.87
Legal fees and expenses of Underwriters counsel	110,000.00
Legal fees and expenses of the Authority's counsel	55,793.24
Legal fees and expenses of Trustees counsel	8,160.67
Rating agency fees	187,271.00
Printing	22,229.52
Trustee fees	7,050.00
Fees and expenses of accountants	25,000.00
Other	29,851.03
Total	$1,401,771.83

HCIDA Remarketed Bonds:

Underwriting fee	$ 629,025.00
Legal fees and expenses of Company counsel	110,354.29
Legal fees of underwriters' counsel	49,538.99
Printing	40,618.15
Trustee fees	5,109.61
Fees and expenses of accountants	25,000.00
Other	6,296.60
Total	$ 865,942.64

2007 Notes:

Underwriting fee	$ 900,000.00
Legal fees and expenses of Company counsel	26,208.26
Legal fees and expenses of Trustees counsel	1,741.33
SEC Registration fee	6,797.70
Rating agency fees	65,587.50
Printing	1,878.00
Trustee fees	681.82
Fees and expenses of accountants	6,135.75
Other	619.84
Total	$ 1,009,650.20

2012 Notes:

Underwriting fee	$ 2,600,000.00
Legal fees and expenses of Company counsel	69,898.29
Legal fees and expenses of Trustees counsel	4,643.54
SEC Registration fee	18,102.30
Rating agency fees	122,412.50
Printing	1,878.00
Trustee fees	1,818.18
Fees and expenses of accountants	16,364.25
Other	619.83
Total	$ 2,835,736.89

The Company also submits the following exhibits:

See Exhibit List.

Respectfully submitted this
31st day of March 2003

TAMPA ELECTRIC COMPANY

By: _____

Gordon L. Gillette
Senior Vice President-
Finance and Chief
Financial Officer

Exhibit List
to
Consummation Report

Exhibits related to the 2002 HCIDA Bonds:

Loan and Trust Agreement dated as of June 1, 2002, among HCIDA, Tampa Electric Company and The Bank of New York, as Trustee.

Official Statement, dated June 4, 2002.

Bond Purchase Agreement dated June 4, 2002 between J.P. Morgan Securities, Inc., Bank One Capital Markets, Inc. and HCIDA.

Opinion of Morrison & Mills, P.A.

Opinion of Sheila M. McDevitt.

Opinion of Palmer & Dodge LLP.

Opinion of Milbank, Tweed, Hadley & McCloy LLP.

Exhibits related to the HCIDA Remarketed Bonds[1]:

Remarketing Supplement dated August 8, 2002.

Remarketing Agreement dated August 8, 2002 between Salomon Smith Barney Inc. and Tampa Electric Company.

Opinion of Milbank, Tweed, Hadley & McCloy LLP.

Opinion of Sheila M. McDevitt.

Opinion of Palmer & Dodge LLP.

Exhibits related to the Notes[1]:

Fourth Supplemental Indenture dated as of August 15, 2002 by and between Tampa Electric Company and The Bank of New York, as Trustee (the "Fourth Supplemental Indenture").

Underwriting Agreement dated as of August 21, 2002 by and among Tampa Electric Company and the Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc.

Base Prospectus filed with the Securities and Exchange Commission (the "SEC") by Registration Statement on Form S-3 (No. 333-91620) on June 28, 2002 and declared effective by the Commission July 19, 2002.

Preliminary Prospectus Supplement dated August 20, 2002 and filed with the SEC pursuant to Rule 424(b)(2) on August 21, 2002.

Final Prospectus Supplement dated August 21, 2002 and filed with the SEC pursuant to Rule 424(b)(5) on August 22, 2002.

Current Report on Form 8-K filed with the SEC on August 22, 2002 filing the Underwriting Agreement and "Exhibit 5" Opinions of Palmer & Dodge LLP and Ropes & Gray.

Opinion of Sheila M. McDevitt dated as of August 26, 2002 to the Underwriters named therein concerning certain matters of Florida law.

Opinion of Palmer & Dodge LLP dated as of August 26, 2002 to Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc.

Opinion of Ropes & Gray dated as of August 26, 2002 to Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc.

Current Report on Form 8-K filed with the SEC on August 26, 2002, filing the Fourth Supplemental Indenture and the Notes.

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[1] Related documents have been filed with prior Consummation Reports.

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LOAN AND TRUST AGREEMENT

among

HILLSBOROUGH COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY,

TAMPA ELECTRIC COMPANY

and

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., as Trustee

Dated as of June 1, 2002

And Providing for the Issue of

One or More Series of

Hillsborough County Industrial Development Authority
Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project)

Including:

Series 2002

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Exhibit B Form of Bond

ARTICLE I. INTRODUCTION AND DEFINITIONS.

Section 101. Description of the Agreement and the Parties. This LOAN AND TRUST AGREEMENT (the "**Agreement**") is entered into as of June 1, 2002, by the HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida (the "**Authority**"), TAMPA ELECTRIC COMPANY, a Florida corporation (the "**Company**") and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., as trustee, a national banking association duly organized and existing under the laws of the United States of America and having its principal corporate trust office in the City of Jacksonville, Florida, which is authorized under such laws to exercise corporate trust powers and is subject to examination by federal authorities (said banking association and any bank or trust company becoming successor trustee under this Agreement, the "**Trustee**").

This Agreement provides for the following transactions:

(a) the Authority's issue of Bonds for the purpose of refunding bonds previously issued to finance the Project, including the Series 2002 Bonds;

(b) the Company's repayment of the loan of Bond proceeds from the Authority through payment to the Trustee or the Paying Agent of all amounts necessary to pay principal, premium, if any, and interest on the Bonds issued by the Authority; and

(c) the Authority's assignment to the Trustee in trust for the benefit and security of the Bondowners of the Revenues to be received hereunder and the rights to receive the same and the security therefor.

In consideration of the mutual agreements contained in this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Authority, the Company and the Trustee agree as set forth herein for their own benefit and for the benefit of the Bondowners.

Section 102. Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings in this Agreement, unless the context otherwise requires:

"**Act**" means the Constitution of the State of Florida, the Florida Industrial Development Financing Act, Parts II and III of Chapter 159, Florida Statutes, a resolution of the Board of County Commissioners of Hillsborough County, Florida adopted October 27, 1971 organizing the Hillsborough County Industrial Development Authority, and other applicable provisions of law.

"**Administrative Expenses**" means the direct, out-of-pocket expenses incurred by the Authority pursuant to this Agreement and reasonable in amount and the compensation of the Trustee, the Paying Agent and the Registrar and the direct, out-of-pocket expenses of the Trustee, including fees and disbursements of its counsel, incurred by the Trustee and reasonable in amount.

"**Authorized Denominations**" means, unless otherwise provided, $5,000 or any multiple thereof.

"**Authorized Officer**" means: (i) in the case of the Authority, the Chairman, Vice Chairman, the Secretary or Assistant Secretary, and when used with reference to an act or document of the Authority also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Company, the President, any Vice President, the Treasurer, any Assistant Treasurer or the Secretary and any other person designated by one of the foregoing officers.

"**Bond Counsel**" means any nationally recognized bond counsel selected by the Company and satisfactory to the Trustee and the Authority.

"**Bondowners**" means the registered owners of the Bonds from time to time as shown in the books kept by the Registrar as transfer agent.

Any reference to a majority or a particular percentage or proportion of the Bondowners shall mean the holders at the particular time of a majority or of the specified percentage or proportion in aggregate principal amount of all Bonds then outstanding under this Agreement, exclusive of any such Bonds held by the Company or the Authority or any agent or affiliate of said parties; *provided, however,* that for the purpose of determining whether the Trustee shall be protected in relying upon any direction or consent given or action taken by Bondowners, only the Bonds which such Trustee actually knows are so held shall be so excluded.

"**Bond Resolution**" means the resolutions adopted by the Authority authorizing the issuance of the Bonds.

"**Bonds**" means the Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), including the Series 2002 Bonds, issued pursuant to the terms of this Agreement and agreements supplemental hereto.

"**Business Day**" means a day on which banks in each of the cities in which the Principal Offices of the Trustee and the Paying Agent are located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"**Chairman**" means the person at the time occupying the office of Chairman or Vice Chairman of the Authority or any successor to the principal functions thereof.

"**Certified Resolution**" means a copy of a resolution or resolutions certified by the Secretary of the Authority, under its seal, to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

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

"**Counsel**" means an attorney at law (who may be of counsel to the Authority or the Company) satisfactory to the Trustee.

"**County**" means Hillsborough County, Florida.

"**Debt Service Fund**" means the fund established with the Trustee or the Paying Agent pursuant to Section 304.

"**Depositary**" means with respect to the Bonds 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 in Section 402 or by the Company pursuant to Section 301.

"**DTC**" has the meaning specified in Subsection 301(d).

"**First Mortgage**" means the Indenture of Mortgage, dated as of August 1, 1946, as heretofore and hereafter supplemented and amended, currently by and between the Company and State Street Bank and Trust Company, as trustee.

"**First Mortgage Bond Fund**" means the fund established with the Trustee pursuant to Section 306.

"**First Mortgage Bonds**" means the first mortgage bonds to be created by a supplemental indenture to the First Mortgage and, at the option of the Company, delivered to the Trustee pursuant to Section 203 as security for the Company's obligation to pay the principal of, premium, if any, and interest on the Bonds.

"**Global Security**" means a Bond in the form prescribed in Section 301 evidencing all or a part of a series of Bonds, issued to the Depositary or its nominee for such series, and registered in the name of such Depositary or nominee.

"**Government or Equivalent Obligations**" means (i) obligations issued or guaranteed by the United States of America; and (ii) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (i), *provided* that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee or the Authority, as the case may be, in a special account separate from the general assets of such custodian.

"**Interest Payment Date**" means each date on which scheduled payments of interest are required to be made.

"**IRC**" means the Internal Revenue Code of 1986, and the Treasury Regulations promulgated thereunder to the extent applicable to any series of Bonds, as amended from time to time.

"**Maturity Date**" means, with respect to each series of Bonds, the maturity date of such series of Bonds.

"**Moody's**" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating

agency, "**Moody's**" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"**Officer's Certificate**" means a certificate signed by the Chairman or Vice Chairman of the Authority.

"**Outstanding**" when used to modify Bonds, refers to Bonds issued under this Agreement, excluding: (i) Bonds which have been exchanged, replaced or delivered to the Trustee for credit against a principal payment; (ii) Bonds which have been paid; (iii) Bonds which have become due and for the payment of which moneys have been duly provided to the Trustee or the Paying Agent; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations bearing interest at such rates, and with such maturities as will provide sufficient funds, without reinvestment, to pay or redeem them, *provided, however,* that if any such Bonds are to be redeemed prior to maturity, the Company shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with this Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

"**Paying Agent**" means the Paying Agent designated from time to time pursuant to Section 814. "**Principal Office**" of the Paying Agent means the office thereof designated as such in writing to the Authority, the Trustee and the Company.

"**Permitted Investments**" means (a) Government or Equivalent Obligations, (b) certificates of deposit or other interest-bearing obligations of any bank or trust company (including the Trustee and the trustee under the First Mortgage) authorized to engage in the banking business which shall have a combined capital, surplus and undivided profits aggregating not less than ten million dollars ($10,000,000), (c) bonds and other obligations issued by or by authority of any state of the United States, any territory or possession of the United States, including the Commonwealth of Puerto Rico and agencies thereof, or any political subdivision of any of the foregoing, (d) commercial paper and other corporate debt securities rated, on the date of purchase, in one of the highest two categories by Moody's or S&P, (e) repurchase agreements with respect to any of the foregoing obligations or securities with any banking or financial institution (which may include the Trustee and the trustee under the First Mortgage) which has a combined capital, surplus and undivided profits of not less than ten million dollars ($10,000,000), (f) auction-rate preferred stock rated, on the date of purchase, in the highest category by Moody's or S&P, (g) participation in 28-day auction-rate tax-exempt funds rated, on the date of purchase, in the highest category by Moody's or S&P, or (h) taxable or tax-exempt money market funds rated "AAAm" or AAAmG" or better by S&P or "Aaa" by Moody's, including money market funds of the Trustee which satisfy such requirements.

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

"**Project**" means, collectively, certain air and water pollution and waste control facilities located at the Units including any structures, machinery, fixtures, improvements and equipment, all as described in Exhibit A attached hereto, and in agreements supplemental hereto relating to each series of Bonds other than the Series 2002 Bonds, as the same may be amended from time

to time, together with all additions thereto and substitutions therefor, less any deletions therefrom, as they may at any time exist.

"**Record Date**" means, unless otherwise specified, the fifteenth day next preceding such Interest Payment Date.

"**Redemption Fund**" means the fund established with the Trustee or the Paying Agent pursuant to Section 305.

"**Refunded Bonds**" means the Series 1972 Bonds and the Series 1991-92 Bonds.

"**Registrar**" means the registrar appointed in accordance with Section 816. "**Principal Office**" of the Registrar shall mean the office thereof designated as such in writing to the Authority, the Trustee and the Company.

"**Revenues**" means and includes all payments by or on behalf of the Company to or for the account of the Authority under this Agreement and all other revenues derived by the Authority from or in connection with this Agreement, including the income thereon and the investment thereof, if any, and any moneys received on the First Mortgage Bonds but not including payments with respect to the indemnification or reimbursement of certain expenses of the Authority under Sections 308(b)(i), 604 and 1011 of this Agreement or under any other guaranty or indemnification agreement.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"**Secretary**" means the person at the time occupying the office of the Secretary or Assistant Secretary of the Authority or any successor to the principal functions thereof.

"**Series 1972 Bonds**" means the Authority's Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1972 outstanding in the principal amount of $22,085,000.

"**Series 1972 Trustee**" means the trustee under the Trust Indenture dated as of March 1, 1972, as amended, with the Authority under which the Series 1972 Bonds were issued.

"**Series 1991-92 Bonds**" means the Authority's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1991 and Series 1992 outstanding in the aggregate principal amount of $125,000,000.

"**Series 1991-92 Trustee**" means the trustee under the Trust Indenture dated as of August 1, 1981, as amended, with the Authority under which the Series 1991-92 Bonds were issued.

"**Series 2002 Bonds**" means the Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002 issued pursuant to the terms of this Agreement.

"**Series 2002 Bonds Due 2013**" means the Series 2002 Bonds with a Maturity Date of October 1, 2013.

"**Series 2002 Bonds Due 2023**" means the Series 2002 Bonds with a Maturity Date of October 1, 2023.

"**State**" means the State of Florida.

"**Trustee**" means The Bank of New York Trust Company of Florida, N.A., a national banking association, and its successor or successors as Trustee hereunder. "**Principal Office**" of the Trustee shall mean 10161 Centurion Parkway, Jacksonville, Florida 32256, or such other office thereof designated as such in writing to the Authority and the Company.

"**UCC**" means the Florida Uniform Commercial Code.

"**Units**" means Unit Nos. 1, 2, 3 and 4 of the Big Bend Station and Unit Nos. 1, 2, 3, 4, 5 and 6 of the Gannon Station electric generating facilities of the Company, and related support facilities, as they may at any time exist.

Words importing persons include firms, associations and corporations, and the singular and plural form of words shall be deemed interchangeable wherever appropriate.

ARTICLE II. THE ASSIGNMENT AND PLEDGE.

Section 201. The Assignment and Pledge of Revenues and Funds. The Authority assigns and pledges to the Trustee in trust upon the terms hereof (a) all Revenues to be received from the Company or derived from any security provided hereunder, and (b) all rights to receive such Revenues and the proceeds of such rights, and all other rights and interests of the Authority provided hereunder, *provided, however*, that this assignment and pledge does not include the rights of the Authority pursuant to Sections 308(b)(i), 604 and 1011.

Section 202. Defeasance. When there have been irrevocably deposited in the Debt Service Fund and Redemption Fund sufficient funds, or Government or Equivalent Obligations in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights hereunder of the Authority, the Trustee and the Paying Agent have been provided for, upon written notice from the Company to the Authority, the Trustee and nationally recognized securities rating agencies, the Bondowners shall cease to be entitled to any benefit or security under this Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof, the security interests created by this Agreement (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created hereunder; *provided, however,* that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee shall have

taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with this Agreement or irrevocable instructions so to mail shall have been given to the Trustee and the Paying Agent. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to Section 903, and moneys held for defeasance shall be invested only as provided above in this section. Any funds or property held by the Trustee or the Paying Agent and not required for payment or redemption of the Bonds in full shall be distributed to the Company as provided in Section 903.

Section 203. Pledge of First Mortgage Bonds.

(a) In order to provide collateral security for the Company's obligations to make payments of principal, premium, if any, and interest on the Bonds, as required under this Agreement, the Company may elect to issue and deliver to the Trustee a series of First Mortgage Bonds (i) registered in the name of the Trustee, (ii) which shall have the same stated rate or rates of interest prior to maturity, payable at the same times, and (iii) which shall become due in the same principal amount or amounts, either by redemption, through operation of a sinking fund or by maturity, on the same date or dates, as the Bonds. The First Mortgage Bonds shall be held subject to the terms and provisions of this Agreement and the First Mortgage.

(b) To exercise the election described in Subsection 203(a), the Company shall, not less than 14 days prior to the proposed date of delivery of the First Mortgage Bonds (i) give to the Authority, the Trustee and any nationally recognized securities rating agencies which have rated the Bonds written notice that shall designate the date on which such series of First Mortgage Bonds shall be delivered and (ii) deliver to the Trustee and the Authority a written opinion of Bond Counsel to the effect that such election and the delivery of such series of First Mortgage Bonds will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

Section 204. Release of First Mortgage Bonds. To the extent that (a) Bonds have been paid or become due and sufficient moneys are held by the Trustee in trust for the payment thereof, (b) Bonds are deemed to have been paid in accordance with Section 202 and (c) Bonds (other than Bonds which have been redeemed or called for redemption) have been delivered to, or have been acquired by, the Trustee and canceled and other Bonds of the same series shall not be issuable in lieu thereof, in substitution therefor, in exchange therefor or upon registration of transfer thereof, the obligation of the Company to make payments with respect to the principal, premium, if any, and interest on the First Mortgage Bonds shall be satisfied and discharged and the Trustee shall release and surrender to the Company First Mortgage Bonds in an aggregate principal amount equal to the aggregate principal amount of such Bonds, bearing the same rate or rates of interest as such Bonds and becoming due, either by redemption through operation of a sinking fund or by maturity, on the same date or dates as such Bonds.

Section 205. Further Assurances. The Company, the Authority and the Trustee shall from time to time execute, deliver and register, record and file such instruments as the Authority or the Trustee may reasonably require to confirm, perfect or maintain the security created or intended to be created hereby.

ARTICLE III. THE BORROWING.

Section 301. The Bonds.

(a) Amount Unlimited; Issuable in Series.

The aggregate principal amount of Bonds that may be authenticated and delivered under this Agreement is unlimited. The Bonds may be issued in one or more series, and the following terms of each series, other than the terms of the Series 2002 Bonds established under this Agreement, shall be established in one or more agreements supplemental hereto, prior to the issuance of Bonds of any series:

(i) the title of the Bonds of the series (which shall distinguish the Bonds of the series from all other Bonds);

(ii) any limit upon the aggregate principal amount of the Bonds of the series which may be authenticated and delivered under this Agreement;

(iii) the Person to whom any interest on a Bond of the series shall be payable, if other than the Person in whose name that Bond is registered at the close of business on the Record Date for such interest;

(iv) the date or dates on which the principal of the Bonds of the series is payable and the Maturity Date of the Bonds of such series;

(v) the rate or rates (or method for establishing the rate or rates) at which the Bonds 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 Record Date for the interest payable on any Interest Payment Date (or method for establishing such date or dates);

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

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

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

(ix) if other than denominations of $5,000 and any integral multiple thereof, the denominations in which Bonds of the series shall be issuable;

(x) if other than the full principal amount thereof, the portion of the principal amount of Bonds of the series which shall be payable upon declaration of acceleration of the Maturity Date thereof pursuant to Section 901;

(xi) 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 Bonds of such series shall be payable;

(xii) in the case of Bonds of a series the terms of which are not established pursuant to subsection (xi) above, the application, if any, of Section 202 to the Bonds of such series; or, in the case of Bonds the terms of which are established pursuant to subsection (xi) above, the adoption and applicability to such Bonds of any terms and conditions similar to those contained in Section 202;

(xiii) whether the Bonds of the series shall be issued in the form of a temporary Global Security representing all of the Bonds of such series and the terms for exchange of such temporary Global Security for definitive Bonds of such series;

(xiv) whether the Bonds 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 Bonds, which Depositary shall be a clearing agency registered under the Securities Exchange Act of 1934, as amended;

(xv) a description of the Project financed with the proceeds of such Bonds or with the proceeds of bonds refunded with the proceeds of such Bonds; and

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

All Bonds of any one series shall be substantially identical except as to interest rates, method for determining interest rates, Interest Payment Dates, Record Dates, redemption terms, Maturity Date, denomination, date of authentication, currency, any index for determining amounts payable, and except as may otherwise be provided in or pursuant to such agreement supplemental hereto.

(b) Details of the Bonds.

(i) The Bonds of each series shall be issued upon the Authority's written request, upon a resolution duly adopted by the Authority, in fully registered form and shall be numbered from 1 upwards in the order of their issuance, or in any other manner deemed appropriate by the Paying Agent and the Authority. The Bonds shall be issuable as fully registered bonds without coupons in Authorized Denominations.

(ii) Each Bond shall be dated the date of original delivery thereof and shall mature, subject to prior redemption, upon the terms and conditions hereinafter set forth, on the Maturity Date. Each Bond shall bear interest from the Interest Payment Date to which interest has been paid or duly provided for next preceding its date of authentication, unless (A)

such date shall be prior to the first Interest Payment Date, in which case such Bond shall bear interest from the date of first authentication and delivery of Bonds hereunder or (B) such date of authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case such Bond shall bear interest from such date of authentication; *provided, however*, that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the last date to which interest has been paid in full or duly provided for on the Bonds or, if no interest has been paid or duly provided for on the Bonds, from the date of the first authentication and delivery of Bonds hereunder. Each Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue interest at the rate borne by the Bonds on the date on which such principal or such interest became due and payable.

(iii) The Bonds shall be signed on behalf of the Authority by the manual or facsimile signature of the Chairman and the Secretary and the corporate seal of the Authority or a facsimile thereof shall be engraved or otherwise reproduced thereon. The authenticating certificate of the Paying Agent shall be manually signed on behalf of the Paying Agent as authenticating agent.

(iv) In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery thereof, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until after such delivery.

(v) The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal and premium, if any, shall be payable at the Principal Office of the Paying Agent or its successor in trust. Payment of interest on any Interest Payment Date on any Bond shall be made to the Bondowner thereof as of the close of business on the Record Date immediately prior thereto and shall be made (A) by check mailed on the Interest Payment Date to such Bondowner at his address as it appears on the registration books of the Authority or at such other address as is furnished the Paying Agent in writing by such Bondowner not later than the close of business on the Record Date immediately prior to an Interest Payment Date, or (B) transmitted by wire transfer in immediately available funds to the accounts with commercial banks located within the United States of America of those Bondowners holding Bonds of a series in the principal amount of not less than $1,000,000 and which shall have provided wire transfer instructions to the Paying Agent prior to the close of business on such Record Date, except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Bondowners in whose names any such Bonds are registered at the close of business on the fifth (5th) Business Day next preceding the date of payment of such defaulted interest.

(vi) None of the Bonds issued under this Agreement, including the Series 2002 Bonds, nor any of the principal, premium, if any, and interest thereon shall be deemed to constitute a debt, liability or obligation of the State of Florida or any political subdivision, agency or instrumentality thereof, including, without limitation, the Authority and Hillsborough County. Neither the Authority, Hillsborough County nor the State of Florida or

any political subdivision, agency or instrumentality thereof, shall be obligated to pay any Bond, or the principal, premium, if any, or interest thereon except from the payments from the Company, and neither the faith and credit nor the taxing power of any authority or county, including without limitation the Authority and Hillsborough County, or of the State of Florida or any political subdivision, agency or instrumentality thereof is pledged to the payment of the principal of, premium, if any, or interest on any Bond.

(c) Form of Bonds. Except to the extent otherwise specified in an agreement supplemental hereto specify in the terms of a series, the Bonds shall be issued in substantially the form set forth in Exhibit B attached hereto with appropriate modifications to reflect the interest rate of the Bonds in effect from time to time.

(d) Registration of Bonds in the Book-Entry Only System.

(i) The provisions of this Subsection 301(d) shall apply with respect to any Bond registered to CEDE & CO. or any other nominee of The Depository Trust Company ("**DTC**") while the Book-Entry Only System (meaning the system of registration described in paragraph (ii) of this Subsection 301(d)) is in effect.

(ii) The Bonds shall be issued in the form of separate single authenticated fully registered Bonds in substantially the form provided for in Subsection 301(c) and in the amount of each separate stated maturity of such Bonds. On the date of original delivery thereof, the Bonds shall be registered in the registry books of the Registrar in the name of CEDE & CO., as nominee of DTC as agent for the Authority in maintaining the Book-Entry Only System. With respect to Bonds registered in the registry books kept by the Registrar in the name of CEDE & CO., as nominee of DTC, the Authority, the Paying Agent, the Company and the Trustee shall have no responsibility or obligation to any Participant (which means securities brokers and dealers, banks, trust companies, clearing corporations and various other entities, some of whom or their representatives own DTC) or to any Beneficial Owner (which means, when used with reference to the Book-Entry Only System, the Person who is considered the beneficial owner of the Bonds pursuant to the arrangements for book entry determination of ownership applicable to DTC) with respect to the following: (A) the accuracy of the records of DTC, CEDE & CO. or any Participant with respect to any ownership interest in the Bonds, (B) the delivery to any Participant, any Beneficial Owner or any other Person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other Person, other than DTC, of any amount with respect to the principal or premium, if any, or interest on the Bonds. The Paying Agent shall pay all principal and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Bond evidencing the obligation of the Authority to make payments of principal and premium, if any, and interest pursuant to this Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., the words "CEDE & CO." in this Agreement shall refer to such new nominee of DTC.

(iii) Upon receipt by the Trustee and the Authority of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, the Paying Agent shall issue, transfer and exchange Bonds as requested by DTC in appropriate amounts, and whenever DTC requests the Authority, the Paying Agent and the Trustee to do so, the Trustee, the Paying Agent and the Authority will, at the expense of the Company, cooperate with DTC in taking appropriate action after reasonable notice (A) to arrange for a substitute bond depository willing and able upon reasonable and customary terms to maintain custody of the Bonds or (B) to make available Bonds registered in whatever name or names the Bondowners transferring or exchanging Bonds shall designate.

(iv) In the event the Company determines that the Beneficial Owners should be able to obtain Bond certificates, the Company may so notify DTC, the Paying Agent and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Paying Agent shall issue, transfer and exchange Bond certificates as requested by DTC in appropriate amounts and in authorized denominations. Whenever DTC requests the Paying Agent to do so, the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice to make available Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging Bonds shall designate.

(v) Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the blanket letter of representation from the Authority to DTC dated June 1, 1997.

(vi) Notwithstanding any provision in Section 302 to the contrary, so long as all of the Bonds Outstanding are held in the Book-Entry Only System, if less than all of such Bonds of any one maturity are to be redeemed upon any redemption of Bonds hereunder, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by DTC in such manner as DTC may determine.

(e) Conditions for Issuance of Additional Bonds. At any time and from time to time after the execution and delivery of this Agreement, the Company and, at the request of the Company, the Authority and the Trustee may enter into a supplemental agreement providing for the issuance of a series of Bonds in addition to the Series 2002 Bonds or additional Series 2002 Bonds; and the Trustee shall authenticate and make available for delivery of such Bonds upon receipt of the following:

(i) a copy of the Bond Resolution of the Authority approving the issuance of the Bonds of such series;

(ii) an executed supplemental agreement;

(iii) an opinion of counsel to the Company which shall state that such supplemental agreement is the valid and binding obligation 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 affecting the enforcement of creditors' rights and to general equity principles;

(iv) an opinion of counsel for the Authority stating that the issuance of such Bonds has been duly authorized, and that all conditions precedent to the delivery of such Bonds have been fulfilled, and that such Bonds, when authenticated and delivered by the Trustee in the manner and subject to any conditions specified in such opinion of counsel, are valid and binding obligations of the Authority enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to affecting the enforcement of creditors' rights and to general equity principles; and

(v) an opinion of Bond Counsel stating that the issuance of such Bonds and the application of such additional proceeds of such Bonds for the purpose or purposes described in the Bond Resolution described in subparagraph (i) of this section will not cause the interest on any Bonds theretofore issued under this Agreement and then outstanding to become includable in gross income for federal income tax purposes and that the interest on such Bonds will not be includable in gross income for federal income tax purposes.

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

(f) Authentication. No Bond shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose unless there appears on such Bond a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been fully authenticated and delivered hereunder and is entitled to the benefits of this Agreement.

Section 302. Redemption of the Bonds.

(a) Optional Redemption. The provisions as to redemption of the Bonds of a series other than the Series 2002 Bonds shall be specified in the agreement supplemental hereto specifying the terms of the Bonds of such series.

(b) Special Mandatory Redemption Upon Taxability. If, as a result of the failure of the Company to observe any covenant, agreement or representation in this Agreement, a court of competent jurisdiction or any administrative agency finally determines (such determination not to be considered final unless the Company has been given written notice and, if it so desires, has been afforded an opportunity, at the Company's expense, to contest, either directly or in the name of any holder of a Bond, any such determination or until the conclusion of any appellate review if sought by the Company) that the interest payable on any Bond is includable for federal income tax purposes in the gross income, as defined in Section 61 of the IRC, of any Bondowner (other than a "substantial user" of the Project or a "related person," as defined in the IRC), the Bonds shall be subject to special mandatory redemption prior to

maturity, as a whole, or in part if such partial redemption will preserve the exclusion from gross income for federal income tax purposes of interest on the remaining Bonds outstanding (and if in part, to be selected by the Paying Agent or by DTC, as applicable, by lot or in any other customary manner as determined by the Paying Agent or by DTC, as applicable) at a redemption price equal to the principal amount thereof, plus interest accrued to the redemption date, without premium. The Company will give notice to the Authority and the Paying Agent in writing of the amount of Bonds to be redeemed and of the date selected for such redemption not later than 90 days after the date of such final determination, such redemption date to be not more than 180 days after the date of such final determination.

(c) Extraordinary Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the Company, by notice to the Trustee and the Authority, in whole, at any time, at a redemption price equal to the principal amount of the outstanding Bonds, plus accrued interest thereon to the date of redemption, without premium, on any date selected by the Company, but not less than 45 days after nor more than 180 days after the Company shall have given notice of its exercise of the right to make such prepayment. The Company may exercise its right to cause the Bonds to be redeemed at its option, if

(i) in the opinion of the Company, the continued operation by the Company of all or substantially all of the Units is impracticable, uneconomical or undesirable due to (A) the imposition of taxes or other liabilities or burdens not being imposed as of the date of the Bonds, (B) changes in technology or in the economic availability of raw materials or operating supplies or equipment or (C) destruction of or damage to all or a substantial portion of such Units; *provided, however,* that the Company may not exercise its right to redeem the Series 2002 Bonds for reasons described in this clause (i) if any portion of the redemption price is to be paid from the proceeds of tax-exempt bonds;

(ii) all or substantially all of the Units shall have been condemned or taken by eminent domain;

(iii) the operation by the Company of all or substantially all of the Units shall have been enjoined and the Company shall have been prevented from carrying on normal operations at such Units for a period of six months or more; or

(iv) in the event the First Mortgage Bonds have been issued, all or substantially all the mortgaged and pledged property constituting bondable property (as defined in the First Mortgage) which at the time shall be subject to the lien of the First Mortgage as a first lien shall be released from the lien of the First Mortgage pursuant to the provisions thereof, and available moneys in the hands of the trustee or trustees at the time serving as such under the First Mortgage, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the first mortgage bonds of all series issued pursuant to the First Mortgage at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

For purposes of clause (i) of this Subsection 303(c), the "opinion of the Company" shall be expressed to the Authority and the Trustee by delivery of a certified copy of a resolution of the Board of Directors of the Company or the Executive Committee thereof stating that it is the

opinion of said Board of Directors or Executive Committee that the circumstances, situations or conditions described in subclause (A), (B) or (C) of such clause (i) exist to the extent required for the Company to exercise the option provided.

(d) Payment of Redemption Price and Accrued Interest. Whenever Bonds are called for redemption, the accrued interest thereon shall become due on the redemption date and shall be paid from the Debt Service Fund to the extent available therein. To the extent not otherwise provided, the Company shall deposit with the Paying Agent prior to the redemption date a sufficient sum to pay the redemption price of and accrued interest on the Bonds.

(e) Notice of Redemption.

(i) Notice of the call for any redemption of Bonds or any portion thereof (which shall be in Authorized Denominations, except as provided in Section 302(b)) pursuant to this Section 302 shall be given by the Trustee in the name of the Authority by mailing a copy of the redemption notice by first-class mail to the owner of any Bonds to be redeemed in whole or in part at the address shown on the registration books. Such notice shall (i) identify the Bonds or portions thereof to be redeemed and the CUSIP number of such Bonds, (ii) specify the redemption date, the redemption price, and the place and manner of payment and (iii) state that such Bonds will be redeemed at the designated corporate trust office of the Paying Agent, and that from the redemption date interest will cease to accrue. Unless otherwise provided in an agreement supplemental hereto with respect to any series of Bonds, such notice of redemption shall be given at least 30 days prior to the date fixed for redemption to the owners of Bonds to be redeemed; *provided, however,* that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds with respect to which no such failure or defect occurred. Upon presentation and surrender of Bonds so called for redemption in whole or in part at the place or places of payment, such Bonds or portions thereof shall be redeemed.

(ii) Any notice mailed as provided in this section shall be conclusively presumed to have been duly given, whether or not the Bondowner receives the notice.

(f) Selection of Bonds for Redemption. If less than all of the outstanding Bonds are to be called for redemption, the portion of the Bonds to be redeemed will be selected by the Trustee by lot or in any customary manner as determined by the Trustee; *provided, however,* that for so long as DTC or its nominee is Bondowner of such Bonds, the particular Bonds or portions thereof to be redeemed shall be selected by DTC, in such manner as DTC may determine.

(g) Partial Redemption of Bonds.

(i) In case a Bond is of a denomination in excess of the minimum Authorized Denomination, all or a portion of such Bond may be redeemed provided the principal amount not being redeemed is in an Authorized Denomination.

(ii) Upon surrender of any Bond for redemption in part only, the Paying Agent shall authenticate and deliver to the owner thereof, without cost to the Bondowner,

a new Bond or Bonds of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Section 303. Application of Bond Proceeds. Upon the receipt of the proceeds of the initial sale of each series of Bonds, other than the Series 2002 Bonds, including accrued interest, if any, the Authority shall make payments from such proceeds as specified in the agreement supplemental hereto with respect to such series of Bonds.

Section 304. Debt Service Fund.

(a) A Debt Service Fund is hereby established and maintained by the Trustee if the Trustee also serves as the Paying Agent, and otherwise the Debt Service Fund shall be established and maintained by the Paying Agent, and moneys shall be deposited therein as provided in this Agreement. Accrued interest, if any, received upon the sale of Bonds shall be deposited in the Debt Service Fund. The moneys in, and any investment held as part of, the Debt Service Fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal, premium, if any, and interest on the Bonds. If at any time the amount deposited by the Company in the Debt Service Fund with respect to payments currently due pursuant to Section 308 is in excess of the amount required to be so deposited, the Trustee or the Paying Agent, as appropriate, shall, upon the request of the Company, transfer such excess to the Company unless there is then an Event of Default known to the Trustee or the Paying Agent, as appropriate, with respect to payments to the Debt Service Fund or to the Trustee, the Paying Agent or the Authority, in which case the excess shall be applied to such payments.

(b) The Company shall deposit moneys into the Debt Service Fund for the payment of Bonds in immediately available funds at the opening of business on the date on which the payment is required to be made hereunder.

Section 305. Redemption Fund.

(a) A Redemption Fund is hereby established and maintained by the Trustee if the Trustee also serves as the Paying Agent, and otherwise the Redemption Fund shall be established and maintained by the Paying Agent, and moneys shall be deposited therein as provided in this Agreement. The moneys in the Redemption Fund and any investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee or the Paying Agent, as appropriate, on behalf of the Authority solely to the redemption of Bonds. The Trustee or the Paying Agent, as appropriate, may, and upon written direction of the Company for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid by the Company.

(b) If on any date the amount in the Debt Service Fund is less than the amount then required to pay the principal of, premium, if any, and interest then due on the Bonds, the Trustee or the Paying Agent, as appropriate, shall transfer the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to

purchase Bonds under outstanding purchase contracts) to the Debt Service Fund to the extent necessary to meet the deficiency. The Company shall remain liable for any sums that it has not paid into the Debt Service Fund and any subsequent payment thereof shall be used to restore the funds transferred from the Redemption Fund to satisfy such deficiency.

(c) If any moneys in the Redemption Fund are invested in accordance with this Agreement and a loss results therefrom so that there are insufficient funds to pay the redemption price of Bonds called for redemption in accordance with this Agreement, then the Company shall immediately supply the deficiency.

Section 306. First Mortgage Bond Fund. A First Mortgage Bond Fund is hereby established with the Trustee. There shall be deposited to the credit of the First Mortgage Bond Fund all payments, if any, made on the First Mortgage Bonds, if any. The moneys in the First Mortgage Bond Fund shall be held by the Trustee in trust and applied first to the amounts which the Company may be required to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund and the balance, if any, shall be transferred to the Redemption Fund and, pending such application, shall be subject to a lien and charge in favor of the Bondowners.

Section 307. Application of Moneys. If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal of, premium, if any, and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee and Paying Agent in accordance with this Agreement, be applied (in the order such Funds are named in this section) first to the payment of interest (other than interest on Bonds owned by the Company), including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal and premium, if any (other than principal of or premiums, if any, on Bonds owned by the Company), without regard to the order in which the same became due (in proportion to the amounts due). For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied pursuant to this section, such moneys shall so be applied from time to time as the Trustee or the Paying Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee or the Paying Agent shall apply such moneys pursuant to this section, it shall fix the date (which shall be the first of a month unless the Trustee or the Paying Agent shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee or the Paying Agent shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Paying Agent may require presentation of the Bond for endorsement of the payment.

Section 308. Payments by the Company.

(a) Debt Service.

(i) Not later than the opening of business on the Business Day on which a payment of principal or interest is due, the Company shall pay or cause to be paid to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount available on such payment date equal to such payment less the amount, if any, in the Debt Service Fund and available therefor.

(ii) The payments to be made under the foregoing subsection shall be appropriately adjusted to reflect the date of issue of Bonds, accrued interest deposited in the Debt Service Fund, if any, and any purchase or redemption of Bonds so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal due or coming due on the Bonds and so that accrued interest will be applied to the installments of interest to which it is applicable.

(iii) At any time when any principal of the Bonds is overdue, the Company shall also have a continuing obligation to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required under this section shall not otherwise bear interest. Premiums, if any, shall not bear interest.

(iv) Payments by the Company to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund under this Agreement shall discharge the obligation of the Company to the extent of such payments; *provided*, that if any moneys are invested in accordance with this Agreement and a loss results therefrom so that there are insufficient funds to pay principal and interest on the Bonds when due, the Company shall supply the deficiency.

(b) Additional Payments.

(i) Within thirty (30) days after notice from the Authority, the Company shall pay to the Authority all its reasonable costs and expenses (except general administrative expenses or overhead) incurred by the Authority relating to the issuance of the Bonds, and for any continuing duties or obligations of the Authority relating to the Bonds, this Agreement or any other documents executed in connection therewith, including any audit or any modification, amendment or interpretation of this Agreement or the Bonds.

(ii) Within thirty (30) days after notice from the Trustee, the Company shall pay to the Trustee its reasonable fees and expenses as set forth in Section 802 of this Agreement.

(iii) Within thirty (30) days after notice from any Paying Agent, the Company shall pay to the Paying Agent its reasonable fees and expenses, as set forth in Section 802 of this Agreement.

(iv) Within thirty (30) days after notice from the Registrar, the Company shall pay to the Registrar its reasonable fees and expenses as set forth in Section 802 of this Agreement.

Section 309. Unconditional Obligation. To the extent permitted by law, the obligation of the Company to make payments to the Authority, the Paying Agent and the Trustee under this Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Company to which the full faith and credit of the Company are pledged.

Section 310. Mutilated, Destroyed, Lost or Stolen Bonds. In the event any Bond or temporary Bond is mutilated, lost, stolen or destroyed, the Paying Agent may authenticate a new Bond duly executed by the Authority of like date and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Paying Agent, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Paying Agent evidence of such loss, theft or destruction satisfactory to the Paying Agent, together with indemnity to the Authority and the Paying Agent satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Paying Agent on behalf of the Authority may pay the same without surrender thereof. The Authority and the Paying Agent may charge the Bondowner with their reasonable fees and expenses in this connection. The Authority shall cooperate with the Paying Agent in connection with the issue of replacement Bonds, but nothing in this section shall be construed in derogation of any rights which the Authority, the Company or the Paying Agent may have to receive indemnification against liability, or payment or reimbursement of expenses, in connection with the issue of a replacement Bond. All Bonds shall be held and owned upon the express condition that the foregoing provisions are, to the extent permitted by law, exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies.

Section 311. Temporary Bonds. Pending preparation of definitive Bonds of any series, or by agreement with the purchasers of all Bonds of any series, the Authority may issue and, upon its request, the Paying Agent shall authenticate, in lieu of definitive Bonds, one or more temporary printed or typewritten Bonds in Authorized Denominations of substantially the tenor recited above. Upon request of the Authority, the Paying Agent shall authenticate definitive Bonds in exchange for any temporary Bonds upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

Section 312. Cancellation and Disposition of Bonds. All Bonds paid or redeemed, either at or before maturity shall be delivered to the Paying Agent when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Paying Agent and all Bonds surrendered in any exchanges or transfers, shall thereupon be promptly canceled. Bonds so canceled shall be disposed of by the Trustee in accordance with its customary procedures.

Section 313. Refunding Bonds. The Authority may issue, and expressly reserves the right to issue, to the extent permitted by law, refunding bonds under another indenture to refund all or any principal amount of the Bonds of any series; *provided, however*, that the net proceeds of any such bonds used to refund all or any principal amount of the Bonds of such series shall be paid directly to the Trustee for the Bondowners and shall not come into the possession or control of the Company.

ARTICLE IV. THE SERIES 2002 BONDS

Section 401. Establishment of Series. There is hereby created a series of Bonds to be known and designated as the Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project) Series 2002 (the "Series 2002 Bonds"). For the purposes of this Agreement, the Series 2002 Bonds shall constitute a single series of Bonds.

Section 402. Issuance of the Series 2002 Bonds; the Depositary.

(a) The initial principal amount of Series 2002 Bonds that shall be issued under this Agreement shall be $147,085,000, consisting of $60,685,000 principal amount of Series 2002 Bonds Due 2013 and 86,400,000 principal amount of Series 2002 Bonds Due 2023. Additional Series 2002 Bonds may be issued under this Agreement in unlimited principal amounts as permitted by this Agreement. The authorized denominations of Series 2002 Bonds shall be $5,000 or integral multiples of $5,000 in excess thereof.

(b) The Authority agrees that it will on or about June 11, 2002, issue and cause to be delivered to the purchasers thereof up to $147,085,000 aggregate principal amount of Series 2002 Bonds for the purpose of refunding the Refunded Bonds.

(c) The Series 2002 Bonds shall be issuable only in fully registered form, without coupons, and will initially be registered in accordance with Section 301(d)(ii) in the name of The Depository Trust Company or its successor, or its nominee, who is hereby designated as "Depositary" for the Series 2002 Bonds under this Agreement.

Section 403. Variations in Terms of Series 2002 Bonds. Subject to the terms and conditions set forth in this Agreement, the terms of any particular Series 2002 Bond may vary from the terms of any other Series 2002 Bond as contemplated by Section 301 of this Agreement and the terms for a particular Series 2002 Bond will be set forth in such Series 2002 Bond as delivered to the Trustee for authentication pursuant to Section 301 of the this Agreement.

Section 404. Application of Proceeds. All of the proceeds of the Series 2002 Bonds will be used to refund the Refunded Bonds as permitted by Section 159.41 of the Act. Upon receipt of, and from, the proceeds from the sale of the Series 2002 Bonds, the Authority will (i) deposit in the Debt Service Fund a sum equal to the accrued interest on the Series 2002 Bonds paid by the purchasers of the Series 2002 Bonds, (ii) transfer to the Series 1972 Trustee $22,085,000 to be used exclusively to pay all or a portion of the redemption price of the Series 1972 Bonds, and (iii) transfer to the Series 1991-92 Trustee the balance of the proceeds received from the sale of the Series 2002 Bonds to be used exclusively to pay all or a portion of the redemption price of the Series 1991-92 Bonds.

Section 405. Interest Rates and Interest Payment Dates.

(a) *Interest Rate.* The Series 2002 Bonds shall bear interest at the annual rate set forth on the face thereof from their date of original issuance to the Maturity Date set forth on the face thereof. Interest on the Series 2002 Bonds will be payable semi-annually on April 1 and October 1 of each year (each, an "**Interest Payment Date**"), commencing on October 1, 2002. Such interest will be payable to the holder thereof as of the related Record Date.

(b) *Computation of Interest.* The amount of interest payable for any period will be computed on the basis of a year of 360 days consisting of twelve 30-day months. Except for the effect of any adjustment in the Interest Payment Date as provided in the following sentence, the amount of interest payable for any period shorter than a full six-month period for which interest is computed, will be computed on the basis of the actual number of days elapsed in such a 180-day period. 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, except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

Section 406. Maturity Dates. Series 2002 Bonds Due 2013 shall have a Maturity Date of October 1, 2013, and Series 2002 Bonds Due 2023 shall have a Maturity Date of October 1, 2023.

Section 407. Form and Other Terms of the Series 2002 Bonds.

(a) Each Series 2002 Bond shall be in the form of Exhibit B attached hereto with the designated principal amounts, interest rates and Maturity Dates completed in accordance with the provisions of this Article IV, which form is hereby established as the form in which Series 2002 Bonds may be issued.

(b) Subject to (a) above, any Series 2002 Bond may be issued in such other form as may be provided by, or not inconsistent with, the terms of this Agreement.

Section 408. Authentication and Delivery. Each time that the Company delivers Series 2002 Bonds to the Trustee for authentication after the initial issuance of Series 2002 Bonds under this Agreement, the Company and the Authority shall deliver the documents required under Section 301 for the authentication and delivery of such Series 2002 Bonds, and the Trustee shall authenticate and deliver such Series 2002 Bonds.

Section 409. Redemption; No Sinking Fund.

(a) *Optional Redemption of Series 2002 Bonds Due 2013.* The Series 2002 Bonds Due 2013 may be redeemed in whole or in part at any time prior to their Maturity Date but not earlier than October 1, 2012, at the option of the Company, at a redemption price equal to the principal amount redeemed, together with interest accrued thereon to the date fixed for redemption.

(b) *Optional Redemption of Series 2002 Bonds Due 2023.* The Series 2002 Bonds Due 2023 may be redeemed in whole or in part at any time prior to their Maturity Date but not earlier than October 1, 2012, at the option of the Company, at a redemption price equal to the principal amount redeemed, together with interest accrued thereon to the date fixed for redemption.

(c) *Special Mandatory Redemption Upon Taxability; Extraordinary Option Redemption; Payment; Notices and Partial Redemption.* The provisions of Section 302, other than Section 302(a), shall apply to the Series 2002 Bonds.

(d) *Sinking Fund.* The Series 2002 Bonds are not entitled to the benefit of any sinking fund or analogous provision.

Section 410. Expenses of Issue. Except for the underwriting fees (but not expenses) agreed to be paid by the Company, which shall be paid from the proceeds of the Series 2002 Bonds, the Company shall pay from its own funds all other expenses of issue of the Series 2002 Bonds, including attorneys' fees and expenses of the Authority and of Hillsborough County, Florida, and any other underwriting expenses as may be agreed. Other than for the payment of underwriting fees, no proceeds of the Series 2002 Bonds shall be used to pay such expenses.

Section 411. Appointment of Trustee as Initial Paying Agent and Registrar. The Company hereby appoints the Trustee as the initial Paying Agent and Registrar for the Series 2002 Bonds.

ARTICLE V. THE PROJECT.

Section 501. Maintenance and Modifications of Project by Company. Subject to the provisions of Section 502, the Company agrees that so long as any Bonds are outstanding it will at its own expense maintain, repair and operate the Project. The Company may make modifications to completed components of the Project.

Section 502. Removal of Portions of the Project.

(a) The Company shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary portion of the Project. In any instance where the Company determines that any portion of the Project has become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary, the Company may remove such portion from the Project and sell, trade in, exchange or otherwise dispose of such removed portion of the Project without any responsibility or accountability to the Authority, the Trustee or the holders of the Bonds.

(b) The removal of any portion of the Project pursuant to the provisions of this Section shall not entitle the Company to any abatement or diminution of the amounts required to be paid with respect to the Bonds.

Section 503. Assignment, Leasing and Sale by the Company. This Agreement may be assigned, and the Project may be leased or sold as a whole or in part, by the Company without

the consent of either the Authority or the Trustee, subject, however, except as provided in Section 603, to each of the following conditions:

(a) no assignment, lease or sale shall relieve the Company from liability for any of its obligations hereunder, and, in the event of any such assignment, lease or sale, the Company shall continue to remain primarily liable for the payments required to be made pursuant to this Agreement and for the performance and observance of the other agreements on its part herein contained;

(b) the assignee, lessee or buyer shall assume the obligations of the Company hereunder to the extent of the interest assigned, leased or sold, and may assume the Company's obligations under Article III;

(c) the Company shall, not later than 10 days prior to the delivery thereof, furnish or cause to be furnished to the Authority and to the Trustee a true and complete copy of the form of each such proposed assignment, lease or conveyance, as the case may be; and

(d) the Company shall, not later than the effective date of such assignment or lease, furnish or cause to be furnished to the Authority and the Trustee a written opinion of Bond Counsel that such assignment or lease will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

ARTICLE VI. THE COMPANY.

Section 601. Representations by the Company. The Company makes the following representations as of the date of delivery of this Agreement:

(a) The Company is a corporation organized and existing under the laws of the State of Florida and has power to enter into this Agreement;

(b) By proper corporate action, the officers of the Company executing and attesting this Agreement have been duly authorized to execute and deliver this Agreement;

(c) Neither the execution or delivery of this Agreement or the consummation of the transactions contemplated herein (including, without limitation, execution and delivery of the First Mortgage Bonds, if any, nor the fulfillment of or compliance with the terms hereof) will conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Company's Restated Articles of Incorporation, its bylaws or any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is now a party or by which it is bound;

(d) The facilities comprising the Project constitute a "project" within the meaning of Section 159.44(2) of the Act;

(e) The Company has caused and will cause the acquisition, construction and installation of the Project at the Units, pursuant to the terms and conditions expressed herein, all for the purpose of promoting effective and efficient pollution control throughout the State;

(f) Not less than substantially all of the proceeds of the Bonds will be used to refinance costs of "sewage or solid waste disposal facilities" and "air or water pollution control facilities" within the meaning of Sections 103(b)(4)(E) or (F), respectively, of the Internal Revenue Code of 1954, as amended; and

(g) All necessary authorizations, approval, consents and other orders of any governmental authority or agency for the execution and delivery by the Company of this Agreement have been obtained and are in full force and effect.

Section 602. Access to the Project. The Authority and its duly authorized agents shall have such rights of access to the Project and the Units as may be reasonably necessary to inspect the Project.

Section 603. Company May Consolidate, Etc., Only on Certain Terms.

(a) 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 the Corporation formed by such consolidation 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 (a) shall be, if a Corporation, a Corporation organized and existing under the laws of (i) the United States of America or any State or the District of Columbia or (ii) a foreign jurisdiction which consents to the jurisdiction of the courts of the United States of America or of any State, and (b) 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.

(b) 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 Section 603, 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 Agreement required or permitted to be done by any board of 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.

(c) 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 Section 603.

Section 604. Indemnification Covenants.

(a) The Company hereby agrees to indemnify the Authority, the Paying Agent, the Registrar and the Trustee against claims arising out of the construction or operation of

the Project and to pay or bond and discharge and indemnify and hold harmless the Authority from and against (i) any lien or charge upon payments by the Company to or for the account of the Authority hereunder and (ii) any taxes, assessments, impositions and other charges of any federal, state or municipal government or political body in respect of the Project. If any such claim is asserted, or any such lien or charge upon payments, or charges are sought to be imposed, the Authority, the Paying Agent, the Registrar or the Trustee, as the case may be, shall give prompt notice to the Company, and the Company shall pay the same or bond and assume the defense thereof, with full power to contest, litigate, compromise or settle the same in its reasonable discretion.

(b) The Company shall at all times protect and hold the Authority, its members, officers and employees, its agents and attorneys, the Trustee, the Paying Agent and the Registrar harmless against any claim or liability arising from this Agreement, the Bond Resolution, the issuance of the Bonds and all transactions pertaining thereto, including but not limited to any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or to the use thereof, in excess of any insurance proceeds available to the Authority in connection therewith, such indemnification to include reasonable expenses and attorneys' fees and expenses incurred by the Authority, its members, officers and employees, and its agents and attorneys, the Trustee, the Paying Agent or the Registrar in connection therewith. Nothing contained herein shall require the Company to indemnify the Authority for any claim or liability resulting from the willfully wrongful acts or gross negligence of the Authority, its members, officers, employees, agents or attorneys or of the officers, employees, agents or attorneys for the Trustee, the Paying Agent or the Registrar.

Section 605. Consent to Assignment of Contract Rights by the Authority. The Company hereby consents to the pledge and assignment by the Authority to the Trustee of (i) all of its rights under this Agreement (except its rights under Sections 308(b)(i) and 1011 to payment of certain costs and expenses and under Section 604 to indemnification) to the Trustee for the benefit of the holders from time to time of the Bonds as security for payment of the principal of and premium, if any, and interest on the Bonds, and (ii) any interest it may have in the First Mortgage Bonds, if any, as additional security for the payment of the principal of and premium, if any, and interest on the Bonds. The Company hereby agrees that by virtue of such pledge and assignment the Trustee may enjoy and enforce all such rights of the Authority hereunder.

Section 606. Obligations of Company Hereunder Unconditional.

(a) Until such time as the principal of and premium, if any, and interest on the Bonds shall have been fully paid or deemed to have been paid as provided pursuant to Section 202 of this Agreement, the Company's obligations under this Agreement shall be absolute and unconditional, and the Company (i) will not suspend or discontinue payment of any amounts required to be paid by it hereunder, (ii) will perform and observe all of its other agreements contained in this Agreement, (iii) will not knowingly take or authorize or permit, to the extent such action is within the control of the Company, any action with respect to the Project, the proceeds of the Bonds or any insurance, condemnation or other proceeds derived directly or indirectly in connection with the Project, which will result in the loss of the exclusion of interest on the Bonds from federal gross income, and (iv) except as permitted by this

Agreement, will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any act or circumstance that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of them, any failure of the Authority or the Trustee to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, or arising out of any indebtedness or liability at any time owing to the Company by the Authority or the Trustee.

(b) Nothing contained in this section will be construed to release the Authority from the performance of any of the agreements on its part herein contained; and in the event the Authority should fail to perform any such agreement on its part, the Company may institute such action against the Authority as the Company may deem necessary to compel performance of the Authority hereunder so long as such action shall not violate the agreements on the part of the Company contained in Section 604 or diminish the amounts required to be paid by the Company under this Agreement. The Company may also, at its own cost and expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Authority hereby agrees to cooperate fully with the Company and, at the Company's expense, to take all action necessary to effect the substitution of the Company for the Authority in any action or proceeding if the Company shall so request.

Section 607. Arbitrage Bonds. The Company will comply in all respects with the requirements of Section 148 of the IRC as it relates to the Bonds. Without limiting the generality of the foregoing, the Company shall pay to the United States any rebate that may be due with respect to the Bonds under Section 148(f) of the IRC and any regulations promulgated thereunder.

ARTICLE VII. THE AUTHORITY.

Section 701. Representations by the Authority. The Authority makes the following representations as of the date of delivery of this Agreement:

(a) The Authority covenants that it is duly authorized under the laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Agreement, to assign the payments and amounts hereby assigned in the manner and to the extent herein set forth and to undertake the transactions contemplated by this Agreement and to carry out its obligations hereunder, and that all action on its part for the issuance of the Bonds and the execution and delivery of this Agreement has been duly and effectively taken; and

(b) By proper action of the Authority, the officers of the Authority executing and attesting this Agreement have been duly authorized to execute and deliver this Agreement.

Section 702. No Warranty of Condition or Suitability by the Authority. THE AUTHORITY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE

CONDITION OF THE PROJECT OR ITS SUITABILITY FOR THE COMPANY'S PURPOSES OR NEEDS.

Section 703. Payment of Principal, Premium and Interest. The Authority covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under this Agreement but only from the Revenues and any accrued interest on the Bonds deposited in the Debt Service Fund as provided herein at the place, on the dates, from the funds and in the manner provided herein and in said Bonds according to the true intent and meaning thereof. The Authority makes no representation or warranty as to the financial condition of the Company or any other party or value, validity or enforceability of any security for the Bonds or the Company's obligations under this Agreement.

Section 704. Authority To Use Best Efforts To Require Company To Make Payments. The Authority shall use its best efforts, acting through the Trustee, to require the Company to pay all of the payments and other costs and charges payable by the Company under this Agreement.

Section 705. Take Further Action:. The Authority covenants that it shall from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purposes of this Agreement; *provided, however*, that no such instruments or actions shall pledge the credit of the Authority, and *provided further, however,* that the Authority shall not be required to execute and deliver such instruments or take such further actions unless reasonable indemnity is furnished by the Company for any expense or liability to be incurred therein in accordance with Sections 308(b)(i) and 604. The Authority shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken in good faith in reliance on such advice. The Authority may rely conclusively on any notice, certificate or other document furnished to it under this Agreement and reasonably believed by it to be genuine. The Authority shall not be liable for any action taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed under this Agreement or omitted to be taken by it by reason of the lack of direction or instruction required for such action, or be responsible for the consequences of any error of judgment reasonably made by it. When any payment or consent or other action by the Authority is called for by this Agreement, the Authority may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof. A permissive right or power to act shall not be construed as a requirement to act. The Authority shall in no event be liable for the application or misapplication of funds, or for other acts or defaults by any person, firm or corporation except by its own members, officers, agents and employees. No recourse shall be had by the Company, the Trustee or any Bondowner for any claim based on this Agreement or the Bonds or any agreement securing the same against any member, officer, agent or employee of the Authority unless such claim is based upon the bad faith, fraud or deceit of such person.

Section 706. No Disposition of Revenues. The Authority agrees that, except for its pledge and assignment to the Trustee hereunder, the Authority will not pledge, assign, mortgage, encumber, convey or otherwise transfer any of its interest or rights to the Revenues or otherwise under this Agreement; *provided, however,* that if the laws of the State at the time shall so permit,

nothing contained in this section shall prevent the consolidation of the Authority with, or merger of the Authority into, any public corporation the property and income of which are not subject to taxation; and *provided, further,* that upon any such consolidation, merger or transfer, the due and punctual payment of the principal of, premium, if any, and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of this Agreement to be kept and performed by the Authority, shall be expressly assumed in writing by the entity resulting from such consolidation or surviving such merger.

Section 707. No Extensions. In order to prevent any accumulation of claims for interest after maturity, the Authority will not directly or indirectly extend or assent to the extension of the time of payment of claims of interest on any of the Bonds and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding such claims for interest or in any other manner. In case any such claim for interest shall be extended or funded in violation hereof, such claim for interest shall not be entitled, in case of any default hereunder, to the benefit or security of this Agreement except subject to the prior payment in full of the principal of and premium, if any, on all Bonds issued and outstanding hereunder, and all claims for interest which shall not have been so extended or funded.

Section 708. Covenant To Perform Further Acts. The Authority covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such supplements and amendments to this Agreement and such further acts, instruments and transfers as the Trustee may reasonably require in order to fully preserve, protect and perfect the rights and security of the Bondowners and the rights of the Trustee under this Agreement, *provided, however,* that the Authority shall not be required to execute and deliver such documents or take such further actions unless reasonable indemnity is furnished by the Company for any expense or liability to be incurred therein in accordance with Sections 308(b)(i) and 604.

Section 709. Faithful Performance. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions required to be performed by it and contained in this Agreement, in any and every Bond executed and delivered hereunder and in all of its proceedings pertaining hereto.

ARTICLE VIII. THE TRUSTEE AND PAYING AGENTS; REGISTRAR.

Section 801. Conditions of Trust. The Trustee (which term shall be deemed to include for purposes of this Section 801 the Paying Agent and Registrar, unless the context otherwise requires) hereby accepts the trusts imposed upon it by this Agreement, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the obligations or powers hereof and perform any of its duties either directly or by or through attorneys, agents, receivers or employees and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney, agent, receiver or employee appointed with due care by it hereunder.

(b) The Trustee may consult with counsel of its selection concerning all matters of trust hereof and duties hereunder, and the written advice of such counsel or any

opinion of such 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.

(c) The Trustee shall not be responsible for, nor have any liability with respect to, any recital herein or in the Bonds (except in respect of the certificate of the Trustee endorsed on the Bonds), the validity of this Agreement or of any supplements hereto or instruments of further assurance, the maintenance, validity or sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or any lien or property to be created hereby, but the Trustee may require of the Authority or the Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid.

(d) The Trustee shall not be accountable for, or have any liability with respect to, the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Authority. The Trustee may become the owner of Bonds secured hereby with the same rights that it would have if it were not the Trustee.

(e) The Trustee shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond shall be conclusive and binding upon all future owners of the same Bond or portions thereof and upon Bonds issued in exchange therefor or for portions thereof or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Authority signed by (i) the Chairman, Vice Chairman or the Secretary of the Authority, or (ii) any other duly authorized person (such authority to be conclusively evidenced by an appropriate Certified Resolution of the Authority of the Authority) or any certificate signed by an Authorized Officer of the Company as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this section, or of which by said subsection it is deemed to have notice, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Authority under its seal to the effect that a resolution has been duly adopted, and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct. After the occurrence and during the continuance of a default hereunder, in the exercise of such of the rights and powers vested in it by this Agreement, the Trustee shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (i) failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Article III hereof and (ii) default of which the Trustee has actual knowledge, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding; and all notices or other instruments required by this Agreement to be delivered at the Principal Office of the Trustee must, in order to be effective, be delivered at the Principal Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid. For the purposes hereof, the Trustee shall not be deemed to have actual knowledge of any default or Event of Default unless a trust officer, assistant trust officer or other person charged with the administration of the obligations of the Trustee hereunder shall during the course of his duties have actual knowledge thereof.

(i) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged or for salaries or nonfulfillment of contracts during any period in which it may be in the possession of or managing the real and tangible personal property as in this Agreement provided.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) No provision of this Agreement 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.

(l) All money received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which it was received but need not be segregated from other funds except to the extent required by this Agreement or by law.

(m) The Trustee shall not be bound to make an investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, 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 during normal business hours and upon reasonable notice the books, records and premises of the Authority, personally or by agent or by attorney.

Section 802. Reimbursement of Administrative Expenses.

(a) The Trustee, the Registrar, and any Paying Agent shall be entitled to payment and/or reimbursement for Administrative Expenses, including reasonable fees for their services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by them in connection with such services under this Agreement. The Trustee and any Paying Agent shall be entitled to payment and reimbursement for their reasonable fees and charges as paying agents for the Bonds as hereinabove provided. Upon the

occurrence of an Event of Default, but only upon an Event of Default, the Trustee and any Paying Agent shall have a first lien with right of payment prior to payment on account of interest or principal of any Bond for the foregoing advances, fees, costs and expenses incurred by them, respectively, or any indemnification due, on moneys held by the Trustee hereunder, other than moneys held for the payment of Bonds which are deemed to have been purchased or paid (including payment upon acceleration of maturity) under the terms of this Agreement.

(b) All fees, charges and other compensation to which the Trustee, the Registrar and any Paying Agent may be entitled under the provisions of this Agreement are required to be paid by the Company, and, accordingly, the Authority shall not be liable in any respect to indemnify such entities for fees, charges and other compensation to which they may be entitled and, by acceptance of the trusts hereunder, each entity shall be deemed to have agreed to the foregoing.

Section 803. Trustee To Give Notice to Bondowners in Event of Default. If a default or Event of Default occurs of which the Trustee is by reason of subsection (h) of Section 801 required to take notice or if notice of default be given as provided in said subsection (h), and such Event of Default shall have continued for seven (7) days after the Trustee acquired actual notice thereof (unless such default shall have been cured or waived), then the Trustee shall give notice thereof by mailing written notice thereof to all registered holders of Bonds (as the names and addresses of such holders appear upon the books for registration and transfer of Bonds as kept by the Registrar) and the Paying Agent.

Section 804. Trustee's Right To Intervene; First Mortgage Bonds.

(a) In any judicial proceedings to which the Authority is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Bondowners, the Trustee may intervene on behalf of Bondowners and shall do so if requested in writing by the holders of at least 25% of the aggregate principal amount of Bonds then outstanding. The rights and obligations of the Trustee under this section are subject to the approval of a court of competent jurisdiction.

(b) Except as required to effect an assignment to a successor Trustee, the Trustee shall not sell, assign or transfer any First Mortgage Bond, if any, and the Trustee is authorized to enter into an agreement with the Company to such effect, including a consent to the issuance of stop transfer instructions to the First Mortgage Trustee.

(c) If First Mortgage Bonds shall have been delivered in connection with the Bonds, the Trustee, as a holder of such First Mortgage Bonds, shall attend any meeting of first mortgage bondholders under the First Mortgage as to which it receives due notice. Either at such meeting, or otherwise where consent of holders of first mortgage bonds of the Company is sought without a meeting, the Trustee shall vote as such holder, or shall consent with respect thereto, proportionately with what the Trustee reasonably believes will be the vote or consent of all other holders of first mortgage bonds of the Company then outstanding and eligible to vote or consent.

Notwithstanding the foregoing, the Trustee shall not vote as such holder in favor of, or give its consent to, any action which would materially adversely affect the interests of the Bondowners, except upon notification by the Trustee to the Bondowners of such proposal and consent thereto of the holders of at least two-thirds (2/3) in aggregate principal amount of the Bonds then outstanding or, if such proposal would so affect the rights of some but less than all the outstanding Bonds, the consent thereto of the holders of at least two-thirds (2/3) in aggregate principal amount of all Bonds so affected voting as a class.

Section 805. Successor Trustee Upon Merger, Etc. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further acts, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The successor Trustee shall give the Authority, the Company, the Paying Agent and each Bondowner written notice of its succession as successor Trustee promptly after such succession.

Section 806. Resignation of Trustee. A Trustee and any successor Trustee may resign by giving 60 days' written notice by first class mail to the Authority, the Company, the Paying Agent and to each Bondowner then outstanding as shown on the records of the Registrar, prior to the date specified in such notice when such resignation shall take effect. Such notice to the Authority, the Company, the Paying Agent and each Bondowner may be served personally or sent by registered mail or telegram. Such resignation shall take effect only upon the appointment of a successor or temporary Trustee by the Bondowners or by the Authority as hereinafter provided. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

Section 807. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, the Authority, the Company and the Paying Agent and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding. In addition, provided that no Event of Default, or event or circumstance which with the passage of time or the giving of notice could become an Event of Default under the Agreement, has occurred and is continuing, the Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, the Authority, the Paying Agent and the Bondowners and signed by the Company, such removal to be effective only upon the acceptance of such appointment by a qualified successor Trustee in accordance with Section 809. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of removal, the Trustee being removed may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

Section 808. Appointments of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case it shall be taken under control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; *provided, however*, that in case of such vacancy the Company shall forthwith appoint a temporary successor Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondowners in the manner above provided, and any such temporary successor Trustee as appointed by the Company shall immediately and without further act be superseded by the successor Trustee so appointed by such Bondowners. Every such successor Trustee and temporary successor Trustee appointed pursuant to the provisions of this section shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers having a reported capital and surplus of not less than $25,000,000, subject to supervision or examination by federal or state authority, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 809. Acceptance by Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority, the Company and the Paying Agent an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor Trustee shall nevertheless, upon payment of its charges hereunder, on the written request of the Company, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, powers and trusts, duties and obligations of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and money held by it as Trustee hereunder to its successor. Should any instrument in writing from the Company be required by a successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Company.

Section 810. Reliance Upon Instruments. The resolutions, opinions, certificates and other instruments provided for in this Agreement may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full protection and authority to the Trustee for the withdrawal of cash hereunder, and the taking or omitting to take of any other action under this Agreement.

Section 811. Former Trustee No Longer Custodian or Paying Agent. Any Trustee which has resigned or been removed shall cease to be custodian of the funds and, if it has been so appointed, Paying Agent or Co-Paying Agent, and the successor Trustee shall become such custodian, and a successor Paying Agent shall be appointed under Section 814.

Section 812. Directions From Company; Company May Perform.

(a) Whenever after a reasonable written request by the Company the Authority shall fail, refuse or neglect to give any direction to the Trustee or to require the Trustee to take any other action which the Authority is required to have the Trustee take pursuant to the provisions of this Agreement, the Company instead of the Authority may give any such direction to the Trustee or require the Trustee to take any such action, and the Trustee, upon receipt of proof of delivery of the request to the Authority and unless otherwise instructed by the Authority, is hereby irrevocably empowered and directed to accept such direction from the Company as sufficient for all purposes of this Agreement. The Company shall have the right to cause the Trustee to comply with any of the Trustee's obligations under this Agreement to the same extent that the Authority is empowered so to do.

(b) The Authority and the Trustee acknowledge that certain actions or failures to act by the Authority under this Agreement may create or result in a default hereunder. The Authority hereby agrees that the Company may perform any and all acts or take such action as may be necessary for and on behalf of the Authority to prevent or correct said default, and the Trustee agrees that it shall take or accept such performance by the Company as performance by the Authority in such event.

Section 813. Trading in Bonds by Trustee, Paying Agent or Registrar. The Trustee, any Paying Agent or the Registrar, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder, and may join in any action which any Bondowners may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, any Paying Agent or the Registrar, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the Company, and may act as depositary, trustee, or agent for any committee or body of Bondowners secured hereby or other obligation of the Authority as freely as if it did not act in any capacity hereunder.

Section 814. Appointment and Duties of Paying Agent.

(a) The Company shall appoint the Paying Agent for the Bonds and may at any time or from time to time appoint one or more Co-Paying Agents for the Bonds, subject to the conditions set forth in Section 815. If other than the Trustee, the Paying Agent and each Co-Paying Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Company, the Authority and the Trustee under which such Paying Agent or Co-Paying Agent will agree, particularly:

(i) to hold all sums held by it for the payment of the principal of and premium, if any, or interest on Bonds in trust for the benefit of the Bondowners until such sums shall be paid to such Bondowners or otherwise disposed of as herein provided;

(ii) to notify the Trustee promptly in the event the Company has failed to make a timely payment to the Debt Service Fund or the Redemption Fund for the payment of interest, premium, if any, or principal due on any of the Bonds;

(iii) to keep such books and records as shall be consistent with customary industry practice, to make such books and records available for inspection by the Authority, the Trustee and the Company at all reasonable times, and, in the case of a Co-Paying Agent, to promptly furnish copies of such books and records to the Paying Agent; and

(iv) in the case of a Co-Paying agent, upon the request of the Paying Agent, to forthwith deliver to the Paying Agent all sums so held in trust by such Co-Paying Agent.

(b) The Authority shall, at the expense of the Company, cooperate with the Trustee and the Company to cause the necessary arrangements to be made and to be thereafter continued whereby funds will be made available for the payment when due of the Bonds as presented at the Principal Offices of the Paying Agent and the Co-Paying Agents.

Section 815. Qualification of Paying Agent.

(a) The Paying Agent and any Co-Paying Agent shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $25,000,000 and authorized by law to perform all the duties imposed upon it by this Agreement. As long as the Bonds are rated by Moody's, any successor Paying Agent or Co-Paying Agent shall be a bank or trust company or other person whose debt obligations shall be rated Baa3/P3 or higher by Moody's or be otherwise acceptable to Moody's. The Paying Agent and any Co-Paying Agent may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days' notice to the Authority, the Company and the Trustee. The Paying Agent and Co-Paying Agent may be removed at any time, at the direction of the Company, by an instrument signed by an Authorized Officer of the Company, filed with the Paying Agent or such Co-Paying Agent, as the case may be, and with the Authority and the Trustee.

(b) In the event of the resignation or removal of the Paying Agent or any Co-Paying Agent, the Paying Agent or such Co-Paying Agent, as the case may be, shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(c) In the event that the Company shall fail to appoint a Paying Agent hereunder, or in the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed its successor as Paying Agent, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Agreement until the appointment by the Company of the Paying Agent or successor Paying Agent, as the case may be.

Section 816. Appointment and Duties of Registrar.

(a) The Company shall appoint the Registrar for the Bonds, subject to the conditions set forth in Section 817. If the Trustee is not also the Registrar, the Registrar shall designate its Principal Office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Company, the Authority and the Trustee

under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with customary industry practice and to make such books and records available for inspection by the Authority, the Trustee, the Paying Agent and the Company at all reasonable times.

(b) The Authority, at the expense of the Company, and the Company shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Authority and authenticated by the Paying Agent, shall be made available for exchange, registration and registration of transfer at the Principal Office of the Registrar. The Authority, at the expense of the Company, and the Company shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and thereafter continued whereby the Paying Agent and any Co-Paying Agent shall be furnished such records and other information at such times, as shall be required to enable the Paying Agent and such Co-Paying Agent to perform the duties and obligations imposed upon them hereunder.

Section 817. Qualifications for Registrar.

(a) The Registrar shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $25,000,000 and authorized by law to perform all the duties imposed upon it by this Agreement. The Registrar may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days' notice to the Authority, the Trustee and the Company. The Registrar may be removed at any time by the Company, by an instrument signed by an Authorized Officer of the Company, filed with the Authority, the Registrar, the Paying Agent and the Trustee.

(b) In the event of the resignation or removal of the Registrar, the Registrar shall deliver any bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(c) In the event that the Company shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed its successor as Registrar, the Trustee shall ipso facto be deemed to be the Registrar for all purposes of this Agreement until the appointment by the Company of the Registrar or successor Registrar, as the case may be.

Section 818. Entities Serving in More Than One Capacity. Anything in this Agreement to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent or a Co-Paying Agent and the Registrar and in any other combination of such capacities, to the extent permitted by law.

ARTICLE IX. SECURITY FOR AND INVESTMENT OF MONEY.

Section 901. All Money Held In Trust. All money from time to time received by the Trustee or the Paying Agent and held any fund created under this Agreement, or otherwise, shall

be held in trust by the Trustee and the Paying Agent, as the case may be, for the benefit of the holders from time to time of the Bonds entitled to be paid therefrom, subject to the provisions of Section 303.

Section 902. Permitted Investments.

(a) Money on deposit to the credit of the Debt Service Fund or the Redemption Fund will be retained uninvested, but upon specific written direction of an Authorized Officer of the Company, or a designee thereof, or if the Company is in default under this Agreement, an Officer's Certificate, from time to time so directing, such money shall be invested in Permitted Investments, maturing or marketable prior to the maturities thereof, at such time or times as to enable disbursements to be made from Debt Service Fund or the Redemption Fund.

(b) For the purpose of determining the amount of money in each Fund, the Permitted Investments therein shall be valued at their cost or market, whichever is lower. The interest, including realized discount, if any, on Permitted Investments purchased, received on all such Permitted Investments (after deduction for accrued interest and premium paid from such Fund at the time of purchase) shall be deposited to the Fund of which such Permitted Investments are a part. Neither the Trustee nor the Paying Agent shall be liable or responsible for any loss, fee, tax or other charge resulting from any such Permitted Investments or liquidation thereof as herein authorized. If at any time it shall become necessary that some or all of the Permitted Investments purchased with the money in such Fund be redeemed or sold in order to raise money necessary to comply with the provisions of this Agreement, the Trustee or the Paying Agent, as the case may be, shall, without further authorization than is hereby contained, effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same. All income or other gain from Permitted Investments will be credited, and any loss will be charged, to the particular Fund from which such Permitted Investments were made.

Section 903. Balance After Bonds Have Been Paid. Any balance in any of the Funds created under this Agreement or otherwise held by the Trustee or the Paying Agent after all the Bonds issued hereunder and secured hereby have been paid in full, or provision for payment in full thereof have been made, and all amounts due to the Trustee and the Paying Agent and the Authority have been paid, shall be paid over to the Company upon such indemnification, if any, as the Authority, the Paying Agent or the Trustee may reasonably require. Should the holders of any Bonds fail or neglect to present their Bonds for payment within one year from the date such Bonds become due and payable, whether by redemption or at maturity, the Trustee or the Paying Agent, as the case may be, shall, at the end of such period, remit to the Company in trust for the holders of the Bonds the money then held for such Bonds; and the holders of such Bonds shall thereafter have recourse only to the Company for payment therefor.

ARTICLE X. DEFAULT AND REMEDIES.

Section 1001. Events of Default. An "**Event of Default**" in this Agreement means any one of the events set forth below and "default" means any Event of Default without regard to any lapse of time or notice.

(a) Debt Service on Bonds. Any principal of, premium, if any, or interest on any Bond shall not be paid when due, whether at maturity, by acceleration, upon redemption or otherwise, as provided in Sections 405, 406 or 409, or in the corresponding sections of any agreement supplemental hereto relating to such Bonds.

(b) First Mortgage Bonds. First Mortgage Bonds shall have been delivered in connection with the Bonds of a series and a "default" as defined in Section 12.01 of the First Mortgage shall have occurred and be continuing.

(c) Other Obligations. The Company or the Authority shall fail to observe and perform any covenant, condition, agreement or provision (other than as specified in clause (a) (b), (d), (e) or (f) of this Section 1001) contained in the Bonds or in this Agreement on the part of the Company or the Authority to be observed or performed, which failure shall continue for a period of ninety (90) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Company and the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of Bondowners of not less than 25% in principal amount of the Bonds then outstanding, unless the Trustee and Bondowners of a principal amount of Bonds not less than the principal amount of the Bonds the Bondowners of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; *provided however,* that the Trustee and the Bondowners of such principal amount of Bonds, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority or the Company on behalf of the Authority within such period and is being diligently pursued.

(d) Appointment of Receiver. A trustee, receiver, custodian or similar official or agent shall be appointed for the Company or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days.

(e) Voluntary Bankruptcy. The Company shall commence a voluntary case under the federal bankruptcy laws, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.

(f) Involuntary Bankruptcy. The Company shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for sixty (60) days.

(g) Other. The occurrence of any other Event of Default provided with respect to Bonds of that series in an agreement supplemental hereto.

Upon the occurrence and continuance of any Event of Default applicable to one or more series of Bonds described in clauses (a), (b), (c), (d) or (g) of the preceding paragraph and further upon the condition that if any First Mortgage Bonds shall have been delivered, all first mortgage bonds outstanding under the First Mortgage shall have become immediately due and payable in accordance with the terms of the First Mortgage, the Trustee may, and at the written request of

Bondowners of not less than 25% in principal amount of Bonds of an affected series then outstanding shall, by written notice to the Authority and to the Company declare the Bonds of such series to be immediately due and payable, whereupon, and upon the occurrence of an Event of Default as specified in clauses (e) and (f) of the preceding paragraph without any further notice or action by the Trustee or the Authority, the Bonds of such series shall, without further action, become and be immediately due and payable, any provisions hereof or the Bonds to the contrary notwithstanding, and the Trustee shall give notice of acceleration to the Authority and the Paying Agent, and shall give notice thereof by mail to the Bondowners of such series.

The provisions of the preceding paragraph, however, are subject to the condition that if, after the principal of the Bonds of a series shall have been so declared to be due and payable, and before any judgment or decree for the payment of moneys due shall have been obtained or entered as hereinafter provided, the Company or the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds of such series and the principal of any and all Bonds of such series which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified herein) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee and the Paying Agent, and all Events of Default hereunder other than nonpayment of the principal of Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Authority, the Company and the Paying Agent, and shall give notice thereof to the Bondowners of such series; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon; *provided, however,* that if any First Mortgage Bonds shall have been delivered in connection with the Bonds of a series, any waiver of "default" under the First Mortgage and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Agreement and a rescission and annulment of the consequences thereof, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority and the Company, and notice to the Bondowners of such series in the same manner as a notice of redemption under Section 302; but no such waiver, rescission and annulment shall extend to or affect any subsequent default or Event of Default or impair any right or remedy consequent thereon.

Section 1002. Trustee May Institute Suits. Upon the happening of any Event of Default applicable to one or more series of Bonds, the Trustee shall have the power to, but unless requested in writing by the holders of 25% in aggregate principal amount of the Bonds of such series then outstanding and furnished with satisfactory security and indemnity shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised by Counsel shall be necessary or expedient to prevent any impairment of the security under this Agreement and such suits and proceedings as the Trustee may be advised by Counsel shall be necessary or expedient to preserve or protect its interests and the interests of the Bondowners.

Section 1003. Remedies on Events of Default.

(a) Upon the occurrence of an Event of Default applicable to one or more series of the Bonds and the giving of satisfactory indemnification under Section 801, the Trustee may proceed to pursue any available remedy to enforce the payment of the principal of, premium, if any, and interest on the Bonds of such series then outstanding, including, without limitation, suits, actions or special proceedings in equity or at law and as the holder of First Mortgage Bonds, if any.

(b) Upon the happening and continuance of any Event of Default applicable to one or more series of the Bonds, then and in every case the Trustee may proceed, and upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds of such series then outstanding and the giving of satisfactory indemnification under Section 801 shall proceed, to protect and enforce its rights, and by suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Agreement or in aid of the execution of any power granted herein or for the enforcement of any legal or equitable right or remedy as the Trustee, being advised by Counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Agreement.

(c) If an Event of Default applicable to one or more series of the Bonds shall have occurred, and if requested to do so by the holders of not less than 25% in aggregate principal amount of the Bonds of such series then outstanding and satisfactorily indemnified, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this section and by Section 1002 and 1005 as the Trustee, being advised by Counsel, shall deem most expedient in the interest of the Bondowners of such series.

(d) No remedy by the terms of this Agreement conferred upon or reserved to the Trustee (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondowners hereunder or now or hereafter existing by law.

(e) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(f) No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondowners, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 1004. Bondowners To Direct Trustee. Anything in this Agreement to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds of each series then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Agreement applicable to such series of Bonds or for the appointment of a receiver or any other

proceedings hereunder; *provided, however*, that such direction shall not be otherwise than in accordance with the provisions of law or of this Agreement and shall not, in the opinion of the Trustee, unduly prejudice the rights of Bondowners who are not in such majority. 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 of the holders of a majority in aggregate principal amount of the Bonds.

Section 1005. Receiver for the Revenues of the Authority From the Project. Upon the occurrence of an Event of Default applicable to one or more series of the Bonds, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues of the Authority from the Project, pending such proceedings, with such powers as the court making such appointment shall confer, to the extent permitted by law.

Section 1006. Application of Moneys. All money received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be applied first to the payment of the costs and expenses of the proceedings resulting in the collection of such money and of the Administrative Expenses, liabilities and advances incurred or made by the Trustee or the Authority hereunder except as a result of its gross negligence or willful misconduct. The balance of such money, after providing for the foregoing, shall be deposited by the Trustee in the Debt Service Fund and all money in the Debt Service Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such money shall be applied:

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Agreement), in the order of their due dates, with interest on such Bonds at the rate provided in Section 1010 from the respective dates upon which they become due, and if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment, ratably, according to the amount of principal, and premium, if any, due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such money shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bonds over any other Bond, ratably, according to the

amounts due respectively for principal, premium, if any, and interest to the Persons entitled thereto without discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 1010, then subject to the provisions of paragraph (b) of this section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the money shall be applied in accordance with the provisions of paragraph (a) of this Section.

(d) Whenever money is to be applied pursuant to the provisions of this section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(e) Whenever all the Bonds and interest thereon have been paid under the provisions of this Section 1006 and all expenses and charges of the Trustee and the Authority have been paid, any balance remaining in the Debt Service Fund and in the Redemption Fund shall be paid as provided in Section 903.

Section 1007. Trustee as Representative of the Bondowners. All rights of action (including the right to file proofs of claim under this Agreement or under any of the Bonds) may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondowners. Any recovery of judgment shall be for the equal and ratable benefit of the Bondowners.

Section 1008. Enforcement by Bondowners.

(a) No Bondowners shall have any right to institute any suit, action or proceeding for the enforcement of any covenant or provisions of this Agreement or for the appointment of a receiver or any other remedy thereunder, unless (i) a default relating to one or more series of Bonds has occurred of which the Trustee has been notified as provided in subsection (h) of Section 801, or of which by said subsection it is deemed to have notice; (ii) such default shall have become an Event of Default; (iii) the holders of not less than 25% in aggregate principal amount of Bonds of such series then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in the Trustee's name and shall have offered to the Trustee security or indemnity satisfactory to the Trustee as provided in Section 801; and (iv) the Trustee shall thereafter fail or refuse to exercise the powers

hereinbefore granted or to institute such action, suit or proceeding in its own name. Such notification, request and offer of security or indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Agreement, and to any action or cause of action for the enforcement of this Agreement, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to enforce any right hereunder except in the manner herein provided, and that all proceedings shall be instituted and maintained in the manner herein provided and for the equal and ratable benefit of the holders of all Bonds of such series then outstanding.

(b) Nothing in this Agreement contained shall, however, affect or impair any right to enforcement conferred on any Bondowner by law or the right of any Bondowner to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof at the time, place, and the source and in the manner expressed in said Bonds and this Agreement.

Section 1009. Rights To Continue. In case the Trustee shall have proceeded to enforce any right under this Agreement by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1010. Waivers of Default. To the extent not precluded by law the Trustee may, in its discretion, waive any default or Event of Default affecting one or more series of Bonds hereunder and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the holders of not less than a majority in aggregate principal amount of all the Bonds of such affected series then outstanding; *provided, however*, that there shall not be waived (a) any Event of Default in the payment of the principal of, or premium, if any, on any Outstanding Bonds at the date of maturity specified therein or the date fixed for redemption thereof, or (b) any default or Event of Default in the payment when due of interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, and all arrears of payment of principal and premium, if any, then due, as the case may be, together with interest (to the extent permitted by law), at the rate per annum borne by any of the Bonds, on overdue principal, premium, if any, and interest, and all Administrative Expenses of the Trustee, any Paying Agent and the Registrar in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, then and in every such case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 1011. Agreement To Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Agreement or the First Mortgage if any First Mortgage Bonds shall have been delivered to the Trustee and the Authority should employ attorneys or incur other expenses for the collection of any amounts due from the Company hereunder or the enforcement of performance or observance of any obligation or

agreement of the Company herein contained, the Company agrees that it will on demand therefor pay to the Authority the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by the Authority.

Section 1012. Remedies in Article X in Addition to Remedies in the First Mortgage. The remedies conferred in this Article shall be in addition to any remedies available to the Trustee as holder of the First Mortgage Bonds, if any, under the First Mortgage.

ARTICLE XI. THE BONDOWNERS.

Section 1101. Action by Bondowners.

(a) Any request, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Bondowners may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Bondowners or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Agreement (except as otherwise herein expressly provided) if made as provided in this section, but the Authority or the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

(b) The fact and date of the execution by any Bondowner or his or her attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Authority or to the Trustee or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondowner may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its clerk or secretary or an assistant clerk or secretary.

Section 1102. Ownership of Bonds. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books for the Bonds maintained by the Paying Agent.

ARTICLE XII. SUPPLEMENTAL AGREEMENTS.

Section 1201. Supplemental Agreements Without Consent or Notice to Bondowners. The Authority, the Company and the Trustee may without the consent of, or notice to, any of the Bondowners, enter into an agreement or agreements supplemental to this Agreement for any one or more of the following purposes:

(a) To (i) establish the form or terms of Bonds of any series, (ii) specify the corresponding loan of the proceeds to the Company and its reimbursement obligations with respect thereto, and (iii) identify the Project financed or refinanced, as the case may be, with the

proceeds of such Bonds or the bonds refunded with the proceeds of such Bonds, as permitted by Section 301.

(b) 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 Bonds.

(c) To add to the covenants and agreements of the Authority or the Company contained in this Agreement other covenants and agreements thereafter to be observed, and to surrender any right or power herein reserved to or conferred upon the Authority or the Company.

(d) To modify any of the provisions of this Agreement or release the Authority from any of the obligations, conditions, or restrictions herein contained; *provided* that no such modification or release shall be or become operative or effective which shall in any manner impair any of the rights of the Bondowners or the Trustee; and *provided further,* that the Trustee or the Authority may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Trustee or the Authority, as the case may be, when the same shall become operative.

(e) To cure any ambiguity or to cure, correct, or supplement any defect or inconsistent provision contained in this Agreement or in any supplemental agreement in a manner which, in the opinion of bond counsel of nationally recognized standing, is not adverse to the interest of the Bondowners.

(f) To make such provision in regard to matters or questions arising under this Agreement as may be necessary or desirable and not inconsistent with this Agreement and not, in the opinion of bond counsel of nationally recognized standing, materially adverse to the interests of the Bondowners.

(g) To secure any of the Bonds, as contemplated by Section 203 or otherwise.

(h) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended.

(i) To change the method of determining any interest rate in a manner not to the prejudice of the Trustee or the Bondowners.

(j) To make any change which is required by Moody's or S&P in order to obtain or maintain a rating of the Bonds, *provided* that no such change, in the opinion of bond counsel of nationally recognized standing, shall adversely affect the exclusion of interest on the 2002 Bonds from gross income of the holders thereof for federal income tax purposes.

Section 1202. Supplemental Agreements With Consent of Majority of Bondowners.

(a) Exclusive of supplemental agreements covered by Section 1201 and subject to the terms and provisions contained in this Section 1202, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Agreement to the contrary notwithstanding, to consent to and approve the execution by the Company, the Authority and the

Trustee of such other agreement or agreements supplemental hereto as shall be deemed necessary and desirable by the Company for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Agreement or in any supplemental agreement; *provided, however,* that nothing in this Agreement contained shall permit, or be construed as permitting without the consent of the holders of all the Bonds then outstanding affected thereby (i) an extension of the maturity of the principal of or premium, if any, or the interest on or redemption date of any Bond issued hereunder, (ii) a reduction in the principal thereof, or premium or rate of interest thereon, or a change in the method of determining the rate of interest thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such modification, amendment or supplemental agreement, or (v) impairment of the exemption from federal income taxation of interest on any of the outstanding Bonds.

(b) If at any time the Authority or the Company shall request the Trustee to enter into such supplemental agreement for any of the purposes of this Section 1202, the Trustee shall, upon being satisfactorily indemnified with respect to expense, cause notice of the proposed execution of such supplemental agreement to be given in the manner set forth in Section 303. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondowners. If, within sixty (60) days or such longer period as shall be prescribed by the Company following the giving of such notice, the holders of not less than a majority in aggregate principal amount of the Bonds outstanding shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Trustee, the Company or the Authority from taking any action pursuant to the provision thereof. Upon the execution of any such supplemental agreement as in this Section 1102 permitted and provided, this Agreement shall be and be deemed to be modified and amended in accordance therewith.

Section 1203. Conformity With Requirements; Reliance on Opinion of Counsel. In each and every case provided for in this Article, the Trustee shall not be under any responsibility or liability to the Authority, the Company or any Bondowner for its refusal in good faith to enter into any proposed supplemental agreement if such supplemental agreement is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Authority or the Company, that any such proposed supplemental agreement complies with the provisions of this Agreement and that the Trustee may, under the provisions of this Article, join in the execution of such supplemental agreement.

Section 1204. Consents by Trustee, Paying Agent, Etc. Anything herein to the contrary notwithstanding, a supplemental agreement under this Article XII which affects any rights or duties of the Trustee, the Paying Agent or Co-Paying Agent or the Registrar shall not become effective unless and until the Trustee, Paying Agent or Co-Paying Agent or Registrar, as the case may be, shall have consented in writing to the execution of such supplemental agreement.

Section 1205. Notice of Amendments to Rating Agencies. Notice of any amendment to this Agreement shall be sent by the Trustee to Moody's, if the series of Bonds affected by such amendment are then rated by Moody's, to S&P, if the series of Bonds affected by such amendment are then rated by S&P, and to any other rating agency if the series of Bonds affected by such amendment are, at the request of the Company, rated by such rating agency, at their respective addresses furnished by such rating agency to the Trustee.

ARTICLE XIII. MISCELLANEOUS.

Section 1301. Notices.

(a) All notices, certificates, requests, complaints, demands, consents and other communications hereunder shall be deemed sufficiently given or filed for all purposes of this Agreement if and when sent by registered mail, return receipt requested, or by telecopy, promptly confirmed in writing: to the Authority, if addressed to the Hillsborough County Industrial Development Authority, c/o Morrison & Mills, P.A., 1200 West Platt Street, Suite 100, Tampa, Florida 33606, Attention: Thomas Morrison, Esq., telecopy no. 813-258-3209; to the Company, if addressed to Tampa Electric Company, Post Office Box 111, Tampa, Florida 33601, Attention: Corporate Secretary, telecopy no. 813-228-1328; to the Trustee, if addressed to The Bank of New York Trust Company of Florida, N.A., 10161 Centurion Parkway, Jacksonville, Florida 32256, Attention: Corporate Trust Department, telecopy no. 904-645-1997; or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice. All notices to a Bondowner shall be in writing and shall be deemed sufficiently given if sent by mail, postage prepaid, to the Bondowner at the address shown on the registration books for the Bonds maintained by the Paying Agent. A Bondowner may direct the Paying Agent to change its address as shown on the registration books by written notice to the Paying Agent.

(b) Notice hereunder may be waived prospectively or retrospectively by the Person entitled to the notice, but no waiver shall affect any notice requirement as to other Persons.

(c) All documents received by the Trustee under the provisions of this Agreement, or photographic copies thereof, shall be retained in its possession until this Agreement shall be released under the provision of this Agreement, subject at all reasonable times to the inspection of the Authority, the Company, any Bondowner and any agent or representative thereof.

Section 1302. Successors and Assigns. The rights and obligations of the parties to this Agreement shall inure to their respective successors and assigns.

Section 1303. Agreement Not for the Benefit of Other Parties. This Agreement is not intended for the benefit of and shall not be construed to create rights in parties other than the Company, the Authority, the Trustee and the Bondowners.

Section 1304. No Recourse Against Authority. No recourse under or upon any obligations, covenants or agreement of this Agreement, or of any Bond, or in any way based thereon or otherwise in respect thereof, shall be had against any past, present or future member

or officer, as such, of the Authority or any successor body politic, either directly or through the Authority, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being hereby expressly waived and released as a conclusion of and as consideration for, the execution of this Agreement and the issue of the Bonds.

Section 1305. Payments Due or Notices on Nonbusiness Days.

(a) If the date for any payment on the Bonds at a place of payment shall be other than a Business Day, then payment shall be made on the next succeeding Business Day, and no interest shall accrue for the intervening period other than as specifically provided for herein.

(b) In the event any date required for the giving of any notice under this Agreement (including without limitation any notice of Bondowner election and surrender of Bonds) is not a Business Day, such notice shall be given on the next preceding Business Day.

Section 1306. Severability. In the event that any provision of this Agreement shall be held to be invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances.

Section 1307. Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

Section 1308. Captions. The captions and table of contents of this Agreement are for convenience only and shall not affect the construction hereof.

Section 1309. Florida Law to Govern. This Agreement and each Bond shall be deemed to be a contract made under the laws of the State and for all purposes shall be construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

(Official Seal)

Attest:

Kary McDonald
Secretary

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By:_____
Robert W. Miller
Chairman

Approved by General Counsel to the Hillsborough County Industrial Development Authority as to Form and Legal Sufficiency:

Thomas K. Morrison, Esq.

TAMPA ELECTRIC COMPANY

By:_____
Name:
Title:

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
As Trustee

By:_____
Name: Linda Boenish
Title: Assistant Treasurer

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

(Official Seal)

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Attest:

_____
Kary McDonald
Secretary

By:_____
Robert W. Miller
Chairman

Approved by General Counsel to the Hillsborough County Industrial Development Authority as to Form and Legal Sufficiency:

_____
Thomas K. Morrison, Esq.

TAMPA ELECTRIC COMPANY

By:_____
Name: Gordon L. Gillette
Title: Senior Vice President - Finance and Chief Financial Officer

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
As Trustee

By:_____
Name: Linda Boenish
Title: Assistant Treasurer

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

(Official Seal)

Attest:

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By:_____
Robert W. Miller
Chairman

Kary McDonald
Secretary

Approved by General Counsel to the Hillsborough County Industrial Development Authority as to Form and Legal Sufficiency:

_____
Thomas K. Morrison, Esq.

TAMPA ELECTRIC COMPANY

By:_____
Name:
Title:

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
As Trustee

By:_____
Name: Linda Boenish
Title: Assistant Vice President

Signature Page of Loan and Trust Agreement S-1

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me on June 7th, 2002, by Robert W. Miller, personally known to me, the Chairman of the Hillsborough County Industrial Development Authority, the public body corporate and politic and public instrumentality described in and which executed the above instrument.

THOMAS K. MORRISON
MY COMMISSION # DD 091574
EXPIRES: March 1, 2006
Bonded Thru Notary Public Underwriters

Notary Public
My commission expires:

NOTARIAL SEAL

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me on June 6th, 2002, by Kary McDonald, personally known to me, the Secretary of the HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, the public body corporate and politic and public instrumentality described in and which executed the above instrument.

KRISTI LYNN CAMPBELL
MY COMMISSION # CC 968654
EXPIRES: September 19, 2004
Bonded Thru Notary Public Underwriters

Notary Public
My commission expires:

NOTARIAL SEAL

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me on June __, 2002, by _____, personally known to me, the _____ of TAMPA ELECTRIC COMPANY, on behalf of said corporation.

Notary Public
My commission expires:

NOTARIAL SEAL

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me on June __, 2002, by Robert W. Miller, personally known to me, the Chairman of the Hillsborough County Industrial Development Authority, the public body corporate and politic and public instrumentality described in and which executed the above instrument.

Notary Public
NOTARIAL SEAL My commission expires:

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me on June __, 2002, by Kary McDonald, personally known to me, the Secretary of the HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, the public body corporate and politic and public instrumentality described in and which executed the above instrument.

Notary Public
NOTARIAL SEAL My commission expires:

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me on June 11, 2002, by Gordon L. Gillette, personally known to me, the Sr. Vice Pres - Fin and Ch Fin Off of TAMPA ELECTRIC COMPANY, on behalf of said corporation.

Michelle Lee Ellis
Notary Public
NOTARIAL SEAL My commission expires:

MICHELLE LEE ELLIS
Notary Public, State of Florida
My comm. expires Oct. 9, 2005
No. DD 063998

Signature Page of Loan and Trust Agreement S-2

STATE OF Florida)
) ss.:
COUNTY OF Duval)

The foregoing instrument was acknowledged before me on June 11, 2002, by Linda Boenish, personally known to me, Assistant Vice President of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., the national banking association described in and which executed the above instrument on behalf of said national banking association.

Notary Public
My commission expires: 3-5-05

NOTARIAL SEAL

Roxanne L. Shaw
Commission # DD 004505
Expires March 5, 2005
Bonded Thru
Atlantic Bonding Co., Inc.

Exhibit A

PROJECT DESCRIPTION

The Project originally financed with the Series 1972 Bonds and bonds refunded with the proceeds of the Series 1991-92 Bonds includes facilities for the collection, processing, storage, treatment and disposal or recycling of various solid wastes and sewage and heated water associated with the Company's Big Bend Station located in Apollo Beach, Hillsborough County, Florida and the Gannon Station located in Tampa, Hillsborough County, Florida. In general, these wastes include fly ash particulates, bottom ash/slag, economizer ash, pyrites, spent demineralizer/polisher resins, flue gas desulfurization scrubber waste, coal pile runoff and sewage.

The facilities originally financed at the Big Bend Station and Gannon Station included the following:

1. Fly Ash Facility

   The fly ash facility handles, disposes and recycles waste fly ash. The facility includes the fly ash collection system, storage equipment, reinjection system, hoppers, silos, disposal area, pug mill conditioning system, related auxiliaries and structures.

2. Bottom Ash/Slag Facility

   The bottom ash/slag facility handles, disposes and recycles waste bottom ash and slag. The facility includes the slag pond, transfer equipment, sedimentation pond, related auxiliaries and structures.

3. Economizer Ash

   The economizer ash facility handles and recycles economizer ash. The facility includes the economizer hoppers, silos, transfer equipment, related auxiliaries and structures.

4. Spent Demineralizer/Polish Resin

   The spent demineralizer/polisher resin facility handles, recycles and disposes of spent demineralizer resin. The facility includes the spent resin vessels, regenerant chemical system, neutralization tanks, related auxiliaries and structures.

5. Sewage Facility

   The sewage facility collects and processes domestic sanitary sewage. The facility includes the sewage treatment plants, sewers, drains, related auxiliaries and structures.

6. Flue Gas Desulfurization Scrubber Waste Facility

   The FGD Scrubber Waste facility handles, disposes of and recycles waste scrubber reagent. The facility includes tanks, pumps, piping and related equipment and structures

associated with the handling and disposal of the scrubber sludge and tanks, pumps, piping and related equipment associated with the recycling of the scrubber sludge transportation water.

7. Coal Handling and Blending System

The coal pile runoff system handles runoff and dust suppression. The facility includes water sprays and filters.

8. Water Cooling System

The water cooling system circulates and cools heated water before discharge. The facility includes piping and related structures.

Exhibit B

FORM OF SERIES 2002 BOND

CUSIP NO: _____ PRINCIPAL AMOUNT: $_____

Registered No. R-__-___

United States of America
State of Florida

HILLSBOROUGH COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
Pollution Control Revenue Refunding Bond
(Tampa Electric Company Project),
Series 2002

☒ Check this box if the Bond is a Global Bond.
Applicable if the Bond is a Global Bond:

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.

This Bond is a Global Security within the meaning of the Agreement 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 Bond is exchangeable for Bonds registered in the name of a person other than the Depositary or its nominee only in the limited circumstances described in the Agreement 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: June 11, 2002

STATED MATURITY: October 1, 20__

INTEREST RATE: ____ % per annum.

INTEREST PAYMENT DATES: April 1 and October 1 of each year, commencing October 1, 2002.

REGISTERED OWNER: CEDE & CO.

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida, for value received, hereby promises to pay, solely from the special fund provided therefor as hereinafter referred to, to the Registered Owner of this Bond, or registered assigns, on the Maturity Date (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the principal corporate trust office of the Paying Agent (hereinafter mentioned), the Principal Amount in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, to the Registered Owner hereof as determined at the close of business on the applicable record date at its address as it appears on the Bond registration books kept by the Registrar, interest on said Principal Amount from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for or, if no interest has been paid, from the date this Bond was authenticated at the interest rate set forth above per annum until payment of said Principal Amount, such interest to the Maturity Date being payable on the Interest Payment Dates in like coin or currency; provided, however, payment of interest on any Interest Payment Date shall be made to the Registered Owner hereof as of the close of business on the Record Date (as defined in the Agreement) with respect to such Interest Payment Date and shall be paid by (i) check mailed to such Registered Owner hereof at his address as it appears on the registration books of the Authority maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar not later than the close of business on the Record Date or (ii) transmitted by wire transfer in immediately available funds to the accounts with commercial banks located within the United States of America of those owners which hold at least $1,000,000 principal amount of the Bonds of this series and which shall have provided wire transfer instructions to the Paying Agent prior to the close of business on such Record Date.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF ANY AUTHORITY OR COUNTY OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION, AGENCY OR INSTRUMENTALITY THEREOF, INCLUDING, WITHOUT LIMITATION, THE AUTHORITY AND HILLSBOROUGH COUNTY, FLORIDA. NEITHER ANY AUTHORITY OR COUNTY NOR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION, AGENCY OR INSTRUMENTALITY THEREOF, SHALL BE OBLIGATED TO PAY THIS BOND OR THE PREMIUM, IF ANY, OR INTEREST HEREON EXCEPT FROM THE PAYMENTS FROM THE COMPANY, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY AUTHORITY OR COUNTY, INCLUDING WITHOUT LIMITATION, THE AUTHORITY AND HILLSBOROUGH COUNTY, OR OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION, AGENCY OR INSTRUMENTALITY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND. THE AUTHORITY HAS NO TAXING POWER.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Agreement until it shall have been authenticated by the execution by the Paying Agent of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY has caused this Bond to bear the facsimile signatures of its Chairman and Secretary and a facsimile of its official seal to be imprinted hereon, all as of the Date Hereof.

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By_____
Robert W. Miller
Chairman

[SEAL]

Attest:

_____
Kary McDonald
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the bonds of the Series designated herein and referred to in the within-mentioned Agreement.

Date of Authentication:

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
As Trustee

By_____
Authorized Signatory

1. This Bond is one of a duly authorized series of revenue bonds of the Authority in the aggregate principal amount of up to $147,085,000, known as "Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002" (the "Bonds"), issued under and pursuant to a Loan and Trust Agreement, dated as of June 1, 2002 (the "Agreement") by and among the Authority, Tampa Electric Company, a corporation organized and existing under the laws of the State of Florida (the "Company") and The Bank of New York Trust Company of Florida, N.A. a national banking association, having its principal corporate trust office in the City of Jacksonville, Florida (said association and any bank or trust company becoming successor trustee under the Agreement being herein called the "Trustee"), for the purpose of refinancing a portion of the cost of acquiring, constructing and installing certain air and water pollution and waste control facilities including any structures, machinery, fixtures, improvements and equipment (the "Project"), at Unit Nos. 1, 2, 3 and 4 of the Big Bend Station and Unit Nos. 1, 2, 3, 4, 5 and 6 of the F.J. Gannon Station (the "Units") of the Company, located in Hillsborough County, Florida, together with all additions thereto, substitutions therefor and deletions therefrom, as they may at any time exist.

2. This Bond is issued and the Agreement was made and entered into under and pursuant to the constitution and laws of the State of Florida, particularly Parts II and III of Chapter 159, Florida Statutes, as amended (the "Act"), and under and pursuant to resolutions duly adopted by the Authority.

3. Terms which are used herein as defined terms and which are not otherwise defined shall have the meanings assigned to them in the Agreement.

4. Copies of the Agreement are on file at the principal corporate trust office of the Trustee. Reference is hereby made to the Agreement for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Agreement, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and premium, if any, and interest on the Bonds, the nature and extent of the security, the terms and conditions under which the Bonds are or may be issued, the conditions under which after an Event of Default the principal amount of this Bond may be declared due and payable, the rights, duties and obligations of the Authority and of the Trustee and the rights of the holders of the Bonds.

5. The Agreement also prescribes the manner in which it may be discharged and after which the Bonds shall no longer be secured by or entitled to the benefits of the Agreement, except for the purpose of payment, registration, transfer or exchange of Bonds, including a provision that under certain circumstances the Bonds shall be deemed to be paid if Governmental Obligations maturing as to principal and interest in such amounts and at such times as to ensure the availability of sufficient moneys to pay the principal of, premium, if any, and interest on the Bonds and all necessary and proper fees, compensation and expenses of the Trustee shall have been deposited with the Trustee.

6. The Agreement provides that the Authority shall lend to the Company the proceeds of the issuance of the Bonds (the "Loan"). In accordance with and as required by the Act, the Agreement provides for the repayment by the Company of the Loan and interest thereon in installments sufficient to pay the principal of and premium, if any, and interest on the Bonds

as the same shall become due and payable, and the Agreement further obligates the Company to pay the cost of maintaining, repairing and operating the Project. The Agreement provides that payments shall be made directly to the Paying Agent for the account of the Bondowners. The Agreement provides that the Company is unconditionally obligated to meet its obligations to pay principal, premium, if any, and interest and to perform and observe the other agreements on its part contained therein. Under the Agreement, the Authority has pledged and assigned to the Trustee all its rights under the Agreement (except its rights to payment of certain costs and expenses and to indemnification), including its rights to payments from the Company, as security for the payment of the principal of and premium, if any, and interest on the Bonds.

7. This Bond shall bear interest from and including the Interest Payment Date next preceding the date of authentication hereof, or, if such date of authentication shall be an Interest Payment Date to which interest on this Bond has been paid in full or duly provided for, this Bond shall bear interest from its date of authentication, or, if no interest has been paid or duly provided for hereon, this Bond shall bear interest from the date of initial authentication and delivery of Bonds under the provisions of the Agreement; provided, however, that if, as shown by the records of the Paying Agent, interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall bear interest from the last date to which interest has been paid in full or duly provided for on the Bonds or, if no interest has been paid or duly provided for on the Bonds, from the date of initial authentication and delivery of Bonds under the provisions of the Agreement. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Except for the effect of any adjustment in the Interest Payment Date as described in the Agreement, the amount of interest payable for any period shorter than a full six-month period for which interest is computed, will be computed on the basis of the actual number of days elapsed in such a 180-day period. "Interest Payment Date" means April 1 and October 1 of each year, beginning on October 1, 2002. The term "Business Day" means a day on which banks located in the city or cities in which the principal corporate trust offices of the Trustee and the Paying Agent are located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

8. The Bonds shall be deliverable in the form of registered Bonds without coupons in the denominations of $5,000 and any multiple thereof ("Authorized Denominations ").

9. Under the Agreement, The Bank of New York Trust Company of Florida, N.A. has been appointed as the initial Paying Agent and Registrar for the Bonds. The Trustee, the Paying Agent and the Registrar may be removed or replaced by the Company.

10. REDEMPTION PROVISIONS. IN CERTAIN CIRCUMSTANCES SET OUT HEREIN, THIS BOND (OR PORTION HEREOF) IS SUBJECT TO REDEMPTION, IN EACH CASE UPON NOTICE TO THE OWNER HEREOF AS OF A DATE PRIOR TO SUCH PURCHASE OR REDEMPTION. IN EACH SUCH EVENT AND UPON DEPOSIT OF THE REDEMPTION PRICE WITH THE PAYING AGENT ON THE REDEMPTION DATE THIS BOND (OR PORTION HEREOF) SHALL CEASE TO BE DEEMED TO BE OUTSTANDING UNDER THE AGREEMENT, INTEREST HEREON SHALL CEASE TO ACCRUE AS OF THE PURCHASE OR REDEMPTION DATE, AND THE REGISTERED OWNER HEREOF SHALL BE ENTITLED ONLY TO RECEIVE THE REDEMPTION PRICE SO DEPOSITED

WITH THE PAYING AGENT BUT ONLY UPON SURRENDER OF THIS BOND TO THE PAYING AGENT.

11. The Bonds shall be subject to redemption at the option of the Company in whole or in part at any time on or after October 1, 2012, at a redemption price equal to the principal amount redeemed, plus interest accrued to the redemption date. If this Bond is of a denomination in excess of the minimum Authorized Denomination, portions of the principal amount in Authorized Denominations may be redeemed. If less than all of the principal amount is to be redeemed, upon surrender of this Bond to the Paying Agent, there will be issued to the Registered Owner, without charge, a new Bond or Bonds, at the option of the Registered Owner, for the unredeemed principal amount.

12. In the event that (i) continued operation of the Units becomes impracticable, uneconomical, or undesirable, (ii) the Units are condemned or taken by eminent domain, or (iii) the Company is prevented from carrying on normal operation by injunction as provided in the Agreement, the Bonds may be redeemed as a whole on any date selected by the Company, but not less than 45 days after nor more than 180 days after the Company shall have given notice of its exercise of the right to make such prepayment, at the principal amount thereof plus accrued interest to the redemption date, and without premium.

13. In the event that the interest on any Bond has been determined to be includable in gross income for federal income tax purposes in accordance with and as provided in the Agreement due to the failure of the Company to observe any covenant, agreement or representation in the Agreement, the Bonds shall be called for redemption as a whole or in part, on any date selected by the Company, but not later than 180 days after the date of such determination, at the principal amount thereof plus interest accrued thereon to the date fixed for redemption, and without premium. The Bonds shall be called for redemption in part only if the interest on the Bonds which remain outstanding following such redemption will, in the opinion of nationally recognized bond counsel, be excluded from gross income for federal tax purposes.

14. If less than all of the Outstanding Bonds are to be called for redemption, the Bonds (or portions thereof) to be redeemed shall be selected as provided in the Agreement in Authorized Denominations.

15. The Paying Agent shall give or cause to be given notice of any redemption of this Bond as provided above to the Registered Owner at its address shown on the registration books maintained by the Paying Agent. A certificate of the Paying Agent shall conclusively establish the mailing of any such notice for all purposes. Notice of redemption having been duly mailed, this Bond, or the portion called for redemption, will become due and payable on the redemption date at the applicable redemption price and, moneys for the redemption having been deposited with the Paying Agent, from and after the date fixed for redemption, interest on this Bond (or such portion) will no longer accrue. If a portion of this Bond shall be called for redemption a new Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to the Registered Owner upon the surrender hereof.

16. If any Bonds are not presented for payment at their redemption or maturity date, the Registered Owners thereof shall look only to the moneys set aside for such purpose by the

Paying Agent. After one year, such moneys may be paid to the Company, and the holders of such Bonds shall thereafter look only to the Company for payment thereof.

17. The transfer of this Bond may be registered by the Registered Owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Registrar, but only in the manner and subject to the limitations and conditions provided in the Agreement and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Authority shall execute and the Paying Agent shall authenticate and deliver in exchange for this Bond a new registered Bond or Bonds, registered in the name of the transferee, of Authorized Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same series and maturity and bearing interest at the same rate.

18. The Registered Owner of this Bond shall have no right to enforce the provisions of the Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Agreement.

19. Modifications, alterations or amendments of the Agreement or of any amendment thereto may be made only to the extent and in the circumstances permitted by the Agreement.

20. This Bond shall be governed by and construed in accordance with the laws of the State of Florida.

21. All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Agreement have happened, exist and have been performed as so required.

22. The Registered Owner of this Bond, by acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Agreement.

23. The Authority, the Trustee and the Company may treat the Registered Owner as the absolute owner of this Bond for all purposes, notwithstanding any notice to the contrary.

24. Neither the members of the Authority nor any person executing this Bond are liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

ASSIGNMENT

For value received the undersigned sells, assigns and transfers this Bond to

_____

(Name and Address of Assignee)

_____

_____

Social Security or Other Identifying Number of Assignee

and irrevocably appoints _____ attorney-in-fact to transfer it on the books kept for registration of the Bond, with full power of substitution.

_____

NOTE: The signature to this assignment must correspond with the name as written on the face of the Bond without alteration or enlargement or other change.

Dated:

Signature Guaranteed:

_____

By:_____

Authorized Signature

NEW ISSUE, BOOK-ENTRY ONLY

In the opinion of Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming among other matters, compliance with certain covenants, interest on the 2002 Bonds (which includes any original discount properly allocable to the owners thereof) is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1954, as amended, and Title XIII of the Tax Reform Act of 1986, except that no opinion is expressed as to the status of interest on any 2002 Bond for any period that such 2002 Bond is held by a "substantial user" of the facilities financed or refinanced by the 2002 Bonds or by a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended. Interest on the 2002 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that under Florida Statutes §159.81, as in effect on the date of this Official Statement, the 2002 Bonds, their transfer and the income therefrom will be free from taxation in the State of Florida, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations. See "TAX EXEMPTION" herein.

$147,085,000
HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project)
Series 2002

The 2002 Bonds will be limited obligations of the Hillsborough County Industrial Development Authority (the "Authority") and are payable solely from the payments to be made under a Loan and Trust Agreement among

TAMPA ELECTRIC COMPANY

(the "Company"), the Authority and The Bank of New York Trust Company of Florida, N.A., as Trustee.

The 2002 Bonds will be issued only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2002 Bonds. Purchases of the 2002 Bonds will be made in book-entry form, in the denomination of $5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in 2002 Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2002 Bonds. See "THE 2002 BONDS - Book-Entry-Only System" herein.

Principal of and semiannual interest on the 2002 Bonds will be paid by The Bank of New York Trust Company of Florida, N.A., as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner, as more fully described herein. Interest on the 2002 Bonds will accrue from their date of authentication on or about June 11, 2002 until maturity. Interest will be payable on October 1, 2002 and semiannually thereafter on each April 1 and October 1 to the Bondowners of record as of the close of business on the fifteenth day of the month preceding such interest payment date.

The 2002 Bonds are subject to mandatory, optional and special redemption prior to maturity, as set forth in this Official Statement.

THE 2002 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE 2002 BONDS WILL NOT CONSTITUTE A DEBT OF THE AUTHORITY, HILLSBOROUGH COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF UNDER ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER AND SHALL NEVER CONSTITUTE A CHARGE OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF SUCH ENTITIES. THE AUTHORITY HAS NO TAXING POWER.

$60,685,000 5.100% Term Bonds due October 1, 2013; Price 101.757%
$86,400,000 5.500% Term Bonds due October 1, 2023; Price 98.755%

The 2002 Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Company by Sheila M. McDevitt, General Counsel to the Company, for the Underwriters by their Counsel, Milbank, Tweed, Hadley & McCloy LLP and for the Authority by its Counsel, Morrison & Mills, P.A., Tampa, Florida. It is expected that the 2002 Bonds in definitive form will be available for delivery to DTC in New York, New York, or its custodial agent, on or about June 11, 2002.

JPMORGAN **BANC ONE CAPITAL MARKETS, INC.**

Dated: June 4, 2002

No dealer, broker, salesperson or other person has been authorized by the Authority, the Company or the Underwriters to give information or to make representations with respect to the 2002 Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Certain information contained herein has been obtained from the Company, The Depository Trust Company and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Authority. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be used, in whole or in part, for any other purpose. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The 2002 Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other government entity or agency will have passed upon the adequacy of this Official Statement or, except for the Authority to the extent described herein, approved the 2002 Bonds for sale.

NOTICE TO NEW HAMPSHIRE INVESTORS: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

$147,085,000

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
POLLUTION CONTROL REVENUE REFUNDING BONDS
(Tampa Electric Company Project)
Series 2002

INTRODUCTORY STATEMENT

This Official Statement of the Hillsborough County Industrial Development Authority (the "Authority"), a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida, sets forth certain information concerning the sale of $147,085,000 aggregate principal amount of the Authority's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002 (the "2002 Bonds"), to be dated as of the date stated on the cover page hereof, subject to prior redemption by the Authority or repurchase by Tampa Electric Company, a Florida corporation (the "Company") as hereinafter described.

The 2002 Bonds are being issued to currently refund the Authority's Pollution Control Revenue Bonds (Tampa Electric Company Project) Series 1972 (the "1972 Bonds") outstanding in the principal amount of $22,085,000 and the Authority's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project) Series 1991 and Series 1992 (the "1991-92 Bonds" and together with the 1972 Bonds, the "Refunded Bonds") outstanding in the amount of $125,000,000. See "PLAN OF REFINANCING" herein.

The issuance and sale of the 2002 Bonds have been authorized by a Resolution adopted by the Authority on May 2, 2002. The 2002 Bonds will be issued under and pursuant to a Loan and Trust Agreement, dated as of June 1, 2002 (the "Agreement"), among the Authority, the Company and The Bank of New York Trust Company of Florida, N.A., as trustee (the "Trustee"). The 2002 Bonds, together with any additional bonds issued on a parity with the 2002 Bonds pursuant to the Agreement, are hereinafter referred to as "Bonds." Pursuant to the Agreement, the proceeds of the 2002 Bonds will be loaned to the Company. The principal of the loan to be made to the Company under the Agreement and premium, if any, and interest thereon are payable in installments due on the dates, in the amounts and in the manner necessary for the Authority to cause payment to be made to the holders of the 2002 Bonds of the principal of and premium, if any, and interest on the 2002 Bonds when and as the same shall become due, and will be assigned to the Trustee for such purpose pursuant to the Agreement.

The 2002 Bonds shall bear interest at a fixed rate. The 2002 Bonds are subject to mandatory, optional and special redemption by the Authority. See "THE 2002 BONDS — Redemption of 2002 Bonds."

The 2002 Bonds are limited obligations of the Authority, secured solely by a pledge and assignment by the Authority to the Trustee of certain of the Authority's rights under the Agreement, including its right to payments from the Company in amounts sufficient to pay the principal of and premium, if any, and interest on the 2002 Bonds.

The 2002 Bonds will not be deemed to constitute a debt, liability or obligation of any authority or county, or the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Hillsborough County, Florida. The Authority has no taxing power.

This Official Statement briefly describes the Authority and the 2002 Bonds and summarizes certain provisions of the Agreement as well as other matters. The descriptions and summaries herein do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Terms not defined herein shall have the meanings set forth in the respective documents, copies of which may be obtained from

the Underwriters whose names appear on the cover page hereof. Information concerning the Company is included in Appendix A attached hereto.

THE AUTHORITY

The Authority is a public body corporate and politic and a public instrumentality created pursuant to the laws of the State. The Authority was created under the constitution of the State of Florida and Part III of Chapter 159, Florida Statutes, as amended, a Resolution of the Board of County Commissioners of Hillsborough County, Florida adopted October 29, 1971, as amended and supplemented, and other provisions of law (collectively, the "Act"). Under the Act, the Authority is authorized to issue its revenue bonds or other debt obligations for the purpose of financing and refinancing projects for public purposes and for the purpose of fostering the economic development of Hillsborough County, Florida.

THE AUTHORITY IS ACTING AS A CONDUIT ISSUER WITH RESPECT TO THE 2002 BONDS, AND THE 2002 BONDS, TOGETHER WITH INTEREST AND PREMIUM, IF ANY, THEREON, SHALL CONSTITUTE LIMITED NONRECOURSE OBLIGATIONS OF THE AUTHORITY, SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OF THE AUTHORITY, AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE AUTHORITY, HILLSBOROUGH COUNTY, FLORIDA OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR THE TAXING POWER OF ANY OF THEM. THE AUTHORITY HAS NO TAXING POWER. THE 2002 BONDS AND THE INTEREST AND PREMIUM, IF ANY, THEREON SHALL BE PAYABLE SOLELY FROM THE FUNDS PAYABLE BY THE COMPANY UNDER THE AGREEMENT.

The Authority has not participated in the preparation of this Official Statement, other than this section, and makes no representation with respect to the accuracy or completeness of any of the material contained in this Official Statement. The Authority is not responsible for providing any purchaser of the 2002 Bonds with any information relating to the 2002 Bonds or the Agreement or any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of any such information obtained by any purchaser.

Disclosure Required by Section 517.051(1), Florida Statutes

Rule 3E-400.003, Rules of Government Securities, promulgated by the Florida Department of Banking and Finance, Division of Securities, under Section 517.051(1), Florida Statutes ("Rule 3E-400.003"), requires the Authority to disclose every default as to the payment of principal and interest with respect to obligations issued or guaranteed by the Authority after December 31, 1975. Rule 3E-400.003 further provides, however, that if the Authority, in good faith, believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted.

The 2002 Bonds do not constitute a general debt, liability or obligation of the Authority, but are instead secured by amounts paid under the Agreement and by other security discussed herein. The 2002 Bonds are not being offered on the basis of the financial strength of the Authority. Accordingly, the Authority, in good faith, and based upon discussions with the Underwriters, believes that disclosure of any such default on bonds with respect to which the Authority was merely a conduit issuer and which are secured solely by payments of the borrower under a loan agreement, lease agreement or installment sale agreement, would not be considered material by a reasonable investor in the 2002 Bonds.

THE PROJECT

The 2002 Bonds are being issued to currently refund the Refunded Bonds. The Refunded Bonds were issued to finance and refinance certain of the Company's air and water pollution and waste control facilities (collectively, the "Project") located at unit nos. 1, 2, 3 and 4 of the Company's Big Bend Station and unit nos. 1, 2, 3, 4, 5 and 6 of the Company's F.J. Gannon Station, each of which is located in Hillsborough County, Florida (collectively, the "Units").

PLAN OF REFINANCING

The proceeds from the sale of the 2002 Bonds will be used, together with funds made available by the Company, to pay the principal of, premium and interest on the Refunded Bonds on or after July 11, 2002. No part of the costs of issuance of the 2002 Bonds is to be paid from proceeds of the 2002 Bonds.

THE 2002 BONDS

Description of the 2002 Bonds

The 2002 Bonds will be issued in the aggregate principal amount of $147,085,000, will be dated as of the date specified on the cover page of this Official Statement, will mature on the dates specified on the cover page of this Official Statement, will be issued in denominations of $5,000 or any multiple thereof and bear interest at the rates set forth on the cover page hereof. The principal of and premium, if any, on the 2002 Bonds shall be payable at the designated corporate trust office of The Bank of New York Trust Company of Florida, N.A., as paying agent (the "Paying Agent"). Interest on the 2002 Bonds shall be paid by check mailed on the interest payment date to the registered owner thereof (which shall mean The Depository Trust Company ("DTC") so long as the book-entry system is in effect for the 2002 Bonds) as of the record date for such interest payment date, at the address shown on the registration books of the Authority kept by The Bank of New York Trust Company of Florida, N.A., as bond registrar (the "Registrar") as of the close of business on the applicable record date; provided, that interest is payable by wire or bank transfer of immediately available funds within the United States to any registered owner of $1,000,000 or more in principal amount of the 2002 Bonds upon direction satisfactory to the Paying Agent prior to the record date.

2002 Bonds may be exchanged for fully registered 2002 Bonds of any authorized denomination at the designated corporate trust office of the Registrar. The Authority or the Registrar may make a charge for every such exchange or for any registration of transfer of 2002 Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer, and such charge shall be paid before any such new 2002 Bond shall be delivered.

If any 2002 Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and deliver a replacement 2002 Bond. The Authority and the Trustee may require satisfactory proof and indemnification and payment of all legal, printing and other expenses and any governmental charges in connection with replacing any 2002 Bond.

Security for the 2002 Bonds

The 2002 Bonds will be limited obligations of the Authority payable solely from the funds payable by the Company under the Agreement. In the Agreement, the Company has agreed to make payments on the dates, in the amounts and in the manner necessary to pay the principal of and premium, if any, and interest on the 2002 Bonds when and as the same shall become due. The Authority has pledged and assigned to the Trustee, as security for the payment of the principal of and premium, if any, and interest on the 2002 Bonds, its rights under the Agreement, including its rights to the funds payable by the Company under the Agreement, except its rights to payment of certain costs and expenses and to indemnification.

Although the Company has not elected to do so, it may in the future elect to provide credit enhancement for the 2002 Bonds which may include a letter of credit or insurance or the issuance of a series of First Mortgage Bonds (the "First Mortgage Bonds") under its Indenture of Mortgage, dated as of August 1, 1946 (the "First Mortgage"), in such amounts and maturities and bearing such rates of interest as shall coincide with the principal and interest becoming due on the 2002 Bonds, all as further described in Appendix B – "SUMMARY OF THE LOAN AND TRUST AGREEMENT - Pledge of First Mortgage Bonds."

The 2002 Bonds, together with interest and premium, if any, thereon, will not be deemed to constitute a debt, liability or obligation of any authority or county of the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Hillsborough County. Neither any authority or county nor the State

of Florida or any political subdivision thereof, including, without limitation, the Authority and Hillsborough County, Florida, is obligated to pay the principal of the 2002 Bonds or the interest or premium, if any, thereon, except from the funds payable by the Company under the Agreement, and neither the general faith and credit nor the taxing power of any authority or county of the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Hillsborough County, is pledged for the payment of the principal of, premium, if any, or interest on the 2002 Bonds.

The Bank of New York Trust Company of Florida, N.A. is the Trustee and Paying Agent under the Agreement. Its principal corporate trust office is located at 10161 Centurion Parkway, Jacksonville, Florida 32256, and its designated office as Paying Agent is c/o The Bank of New York, 111 Sanders Creek Parkway, East Syracuse, New York 13057. One or more co-paying agents may be appointed, and the Paying Agent, any co-paying agent and the Registrar may be removed or replaced by the Company.

Additional Bonds

Additional Bonds may be issued in accordance with the terms of the Agreement on a parity with the 2002 Bonds. As of this date, the only Bonds issued under the Agreement are the 2002 Bonds. See Appendix B – "SUMMARY OF THE LOAN AND TRUST AGREEMENT – Issuance of Additional Bonds."

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2002 Bonds. The 2002 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 2002 Bond certificate will be issued for each maturity of the 2002 Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest depository, 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 Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with the Direct Participants, the "Participants"). DTC has Standard & Poor's highest rating: AAA. The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2002 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2002 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2002 Bond ("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 purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2002 Bonds are to be accomplished by entries made on the books of Direct and Indirect

Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2002 Bonds, except in the event that use of the book-entry only system for the 2002 Bonds is discontinued as described below under "Certificated 2002 Bonds".

To facilitate subsequent transfers, all 2002 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2002 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2002 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2002 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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 will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the 2002 Bonds are registered in the name of Cede & Co., redemption notices shall be sent to DTC. If less than all of the 2002 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such 2002 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2002 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 the 2002 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the 2002 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee or Paying Agent on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, the Company or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, the Trustee or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of the Participants.

The foregoing information in this section concerning DTC and DTC's book entry system has been obtained from sources that the Company believes to be reliable, but none of the Authority, the Company or the Underwriters takes responsibility for the accuracy thereof.

No Responsibility of the Authority, Company, Trustee and Paying Agent. None of the Authority, the Company, the Paying Agent or the Trustee will have any responsibility or obligations to Direct Participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice for Direct Participants, Indirect Participants, or Beneficial Owners.

So long as Cede & Co. is the registered owner of the 2002 Bonds, as nominee of DTC, references herein to the Bondowners or registered owners of the 2002 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2002 Bonds.

Certificated 2002 Bonds. DTC may discontinue providing its services as depository with respect to the 2002 Bonds at any time by giving reasonable notice to the Company, the Authority and the Trustee. In addition, the Company may determine that continuation of the system of book-entry transfers through DTC (or a successor securities

depository) is not in the best interests of the Beneficial Owners of the 2002 Bonds. If for either reason the Book-Entry Only system is discontinued, 2002 Bond certificates will be delivered as described in the Agreement and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondowner. Thereafter, 2002 Bonds may be exchanged for an equal aggregate principal amount of 2002 Bonds in other authorized denominations of the same maturity upon surrender thereof at the principal corporate trust office of the Paying Agent. The transfer of any 2002 Bond may be registered on the books maintained by the Paying Agent for such purpose only upon the assignment in the form satisfactory to the Paying Agent. For every exchange or registration of transfer of 2002 Bonds, the Authority and the Paying Agent may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Bondowner for any exchange or registration of transfer of the 2002 Bonds. The Paying Agent will not be required to transfer or exchange any 2002 Bond during the notice period preceding any redemption if such 2002 Bond (or any part thereof) is eligible to be selected or has been selected for redemption.

Redemption of 2002 Bonds

Optional Redemption. The 2002 Bonds are subject to optional redemption prior to maturity, on and after October 1, 2012, at the option of the Company as a whole or in part at any time, at par, plus accrued interest to the redemption date.

Special Mandatory Redemption Upon Taxability. The 2002 Bonds are subject to special mandatory redemption prior to maturity at any time, as a whole or in part (and if in part, by lot or other customary means) if such partial redemption will preserve the exclusion of interest on the 2002 Bonds from gross income for federal income tax purposes at a redemption price equal to the principal amount thereof, plus interest accrued to the redemption date, without premium, in the event that the interest payable on any 2002 Bond has become subject to federal income tax in accordance with the Agreement. Any such redemption shall be made not later than 180 days from the date of such determination.

Extraordinary Optional Redemption. The 2002 Bonds are subject to extraordinary redemption as a whole at the option of the Company on any date selected by the Company, but not less than 45 nor more than 180 days after the Company shall have given notice of its exercise of the right to prepay the 2002 Bonds, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date if:

(i) in the opinion of the Company, the continued operation by the Company of the Units comprising the Project is impracticable, uneconomical or undesirable due to (A) the imposition of taxes or other liabilities or burdens not being imposed as of the date of the Agreement, (B) changes in technology or in the economic availability of raw materials or operating supplies or equipment or (C) destruction of or damage to all or a substantial portion of the Units; provided, however, that the Company may not exercise its right to redeem the 2002 Bonds for reasons described in this clause (i) if any portion of the redemption price is to be paid from the proceeds of tax-exempt bonds;

(ii) all or substantially all of the Units have been condemned or taken by eminent domain;

(iii) the operation by the Company of the Units shall have been enjoined and the Company shall have been prevented from carrying on normal operations at the Units for a period of six months or more; or

(iv) in the event the First Mortgage Bonds have been issued, all or substantially all the mortgaged and pledged property constituting bondable property which at the time shall be subject to the lien of the First Mortgage as a first lien shall be released from the lien of the First Mortgage pursuant to the provisions thereof, and available moneys in the hands of the trustee or trustees at the time serving as such under the First Mortgage, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the first mortgage bonds of all series issued pursuant to the First Mortgage at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

Notice of Redemption. Notice of the call for any redemption of 2002 Bonds or any portion thereof shall be given by the Trustee in the name of the Authority by mailing a copy of the redemption notice by first-class mail to the owner of each 2002 Bond so to be redeemed in whole or in part at the address shown on the registration books. Such notice shall identify the 2002 Bonds or portions thereof to be redeemed and the CUSIP number of such Bonds, specify the redemption date, the redemption price, the place and manner of payment and state that such 2002 Bonds will be redeemed at the designated corporate trust office of the Paying Agent and that from the redemption date interest will cease to accrue. Such notice shall be given at least 30 days prior to the date fixed for redemption; provided, however, that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of 2002 Bonds with respect to which no such failure or defect occurred. Upon presentation and surrender of 2002 Bonds so called for redemption in whole or in part at the place or places of payment, such 2002 Bonds or portions thereof shall be redeemed.

Selection of 2002 Bonds for Redemption. If less than all the 2002 Bonds are to be redeemed, the portion of the 2002 Bonds to be redeemed will be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee; provided, however, that so long as DTC or its nominee is the Bondowner with respect to such 2002 Bonds, the particular portions of the 2002 Bonds to be redeemed shall be selected by DTC in such manner as DTC may determine. If a 2002 Bond is of a denomination in excess of five thousand dollars ($5,000), portions of the principal amount in the amount of five thousand dollars ($5,000) or any multiple thereof may be redeemed.

THE TRUSTEE

The Bank of New York, an affiliate of The Bank of New York Trust Company of Florida, N.A., the Trustee, is a depository for part of the Company's funds and participates as a lender in the Company's revolving credit facility.

TAX EXEMPTION

In the opinion of Palmer & Dodge LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2002 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1954, as amended (the "Code"), and Title XIII of the Tax Reform Act of 1986, except that no opinion is expressed as to the status of interest on any 2002 Bond for any period that such 2002 Bond is held by a "substantial user" of the facilities financed or refinanced by the 2002 Bonds or by a "related person" within the meaning of Section 103(b)(13) of the Code. Bond Counsel is of the further opinion that interest on the 2002 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Exhibit C hereto.

To the extent the issue price of any maturity of the 2002 Bonds is less than the amount to be paid at maturity of such 2002 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2002 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the 2002 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2002 Bonds is the first price at which a substantial amount of such maturity of the 2002 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2002 Bonds accrues daily over the term to maturity of such 2002 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2002 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2002 Bonds. Bondowners should consult their own tax advisors with respect to the tax consequences of ownership of 2002 Bonds with original issue discount, including the treatment of purchasers who do not purchase such 2002 Bonds in the original offering to the public at the first price at which a substantial amount of such 2002 Bonds is sold to the public.

Title XIII of the Tax Reform Act of 1986 and Section 103 of the Code impose various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2002 Bonds. The Authority and the Company have covenanted to comply with certain restrictions designed to insure that interest on the 2002 Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2002 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2002 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Certain requirements and procedures contained or referred to in the Agreement, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2002 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2002 Bonds may adversely affect the value of, or the tax status of interest on, the 2002 Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the 2002 Bonds. Prospective Bondowners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the 2002 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2002 Bonds may otherwise affect a Bondowner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondowners should consult with their own tax advisors with respect to such consequences.

Under existing Florida law, Florida Statutes §159.31, the 2002 Bonds, their transfer and the income therefrom (including any profit on the sale thereof) are free from taxation by the State, or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations by corporations.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the 2002 Bonds, and the Authority will not provide any such information. The Company has undertaken all responsibilities for any continuing disclosure to Bondowners as described below, and the Authority shall have no liability to the Bondowners or any other person with respect to such disclosures.

The Company has covenanted for the benefit of Bondowners to provide certain financial information and operating data relating to the Company for the prior fiscal year by not later than May 31 of each year beginning May 31, 2003 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Company to be material. The Annual Report will be filed on behalf of the Company with each Nationally Recognized Municipal Securities Information Repository and with the appropriate State Repository if such repository is established. The notices of material events will be filed on behalf of the Company with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in Appendix D - "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC").

The Company is a reporting company under the Securities Exchange Act of 1934 and it files regular reports with the SEC. In addition, the Company is subject to continuing disclosure requirements under an existing continuing disclosure agreement. The Company has previously complied with the filing requirements under such prior continuing disclosure agreement.

UNDERWRITING

J.P. Morgan Securities Inc. and Banc One Capital Markets, Inc., as Underwriters, have agreed, subject to certain terms and conditions, to purchase the 2002 Bonds from the Authority at a discount of $808,967.50, from the

public offering price shown on the cover page. The Underwriters are committed to purchase all of the 2002 Bonds if any are purchased.

The Company has agreed to indemnify the Underwriters and the Authority against certain liabilities, including liabilities under the federal securities laws, in connection with certain portions of this Official Statement, including Appendix A hereto.

The Underwriters may offer and sell 2002 Bonds to certain dealers (including dealers depositing any of the 2002 Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriters.

In the ordinary course of their respective businesses, the Underwriters and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with the Company.

LEGALITY

Legal matters incident to the authorization and issuance of the 2002 Bonds are subject to the unqualified approving opinion of Palmer & Dodge LLP, Boston, Massachusetts, as Bond Counsel. Sheila M. McDevitt, General Counsel for the Company, will pass upon certain legal matters for the Company. Certain legal matters will be passed upon for the Underwriters by Milbank, Tweed, Hadley & McCloy LLP, Counsel for the Underwriters, and for the Authority by Morrison & Mills, P.A., Tampa, Florida, Counsel for the Authority. Palmer & Dodge LLP acted as counsel for the Company in connection with this offering and acts as counsel from time to time in matters for the Company and certain of its affiliates. Milbank, Tweed, Hadley & McCloy LLP acts as counsel from time to time in matters for the Company and certain of its affiliates.

This Official Statement has been duly authorized, executed and delivered by the Authority.

HILLSBOROUGH COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: /s/ Robert W. Miller
Robert W. Miller
Chairman

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APPENDIX A
TAMPA ELECTRIC COMPANY[1]

Tampa Electric, a division of Tampa Electric Company (the "Company"), provides electric energy and related services to over 575,000 residential, commercial and industrial customers in its West Central Florida service area covering approximately 2,000 square miles, including the City of Tampa and the surrounding areas. Tampa Electric has a total net winter generating capacity of 3,899 megawatts in operation, and is constructing additional capacity to serve its growing customer base. Tampa Electric is in the process of repowering an older coal-fired station to become a combined-cycle natural gas-fired facility. The repowering is expected to add 658 megawatts of generating capacity by 2004, significantly reduce emissions and enhance fuel diversity. Peoples Gas System, a division of the Company, is Florida's leading provider of natural gas. With a presence in most of Florida's major metropolitan areas, it serves over 272,000 residential and commercial customers. In early 2000, it completed a major expansion to Southwest Florida to market natural gas to a previously unserved high growth area of the state. Peoples Gas System is continuing its expansion into other areas of Florida previously unserved by natural gas.

The Company is a subsidiary of TECO Energy, Inc., a Florida corporation, the common stock of which is traded on the New York Stock Exchange.

The principal executive offices of the Company are located at TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602, telephone (813) 228-4111.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "1934 Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information can be inspected and copied at the Public Reference Room maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the Public Reference Room. The Company's filings with the Commission are also available to the public on the Commission's web site at http://www.sec.gov.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company hereby incorporates by reference herein its most recently filed reports with the Securities and Exchange Commission pursuant to the 1934 Act on Form 10-K and 10-Q (and if applicable any reports filed since the most recently filed report on Form 10-Q). These reports currently consist of the following:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

2. Quarterly Report on Form 10-Q for the period ended March 31, 2002.

All documents hereafter filed by the Company pursuant to Section 13, 14 or 15(d) of the 1934 Act prior to the termination of the offering made by the Official Statement shall also be deemed to be incorporated by reference in this Appendix and to be a part hereof from the respective dates of filing of such documents.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Official Statement has been delivered, at the written request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Appendix by reference, other than exhibits to such documents. Written requests for such copies should be directed to Director of Investor Relations, Tampa Electric Company, P.O. Box 111, Tampa, Florida 33601.

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[1] The information contained in Appendix A to this Official Statement has been obtained from Tampa Electric Company and speaks as of June 4, 2002. The Authority and the Underwriters make no representation as to the accuracy and completeness of the information contained in this Appendix.

The financial and other data contained in this Appendix is furnished solely to provide limited information regarding the Company and does not purport to be comprehensive. Such data is qualified in its entirety by reference to be detailed information and financial statements appearing in the documents incorporated herein by reference and, therefore, should be read together therewith.

INDEPENDENT ACCOUNTANTS

The financial statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 2001, incorporated herein by reference, have been audited by PricewaterhouseCoopers LLP, independent accountants as set forth in their report dated January 11, 2002, which report is included therein.

APPENDIX B
SUMMARY OF THE LOAN AND TRUST AGREEMENT

The following is a summary of certain provisions of the Agreement relating to the 2002 Bonds, not including some of the provisions summarized in the Official Statement describing the 2002 Bonds.

Payments by the Company

The Company will pay to the Trustee or the Paying Agent, as appropriate, for the account of the Authority an amount equal to the aggregate principal amount of the 2002 Bonds plus interest thereon at the rate paid on the 2002 Bonds and redemption premium, if any. Such amounts will be paid in installments due on the dates, in the amounts and in the manner provided in the Agreement for the payment of the principal of and premium, if any, and interest on the 2002 Bonds whether at maturity, upon redemption or otherwise.

Obligation Absolute

The Company's obligation to make payments of principal, interest and premium, if any, is absolute and unconditional, and the Company (1) will not suspend or discontinue payments, (2) will perform and observe all of its other agreements contained in the Agreement, and (3) except as permitted in the Agreement, will not terminate the Agreement for any reason including, without limiting the generality of the foregoing, the occurrence of any act or circumstance that may constitute failure of consideration, disruption of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Florida or any political subdivision of either of them, any failure of the Authority or the Trustee to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Agreement, or arising out of any indebtedness or liability at any time owing to the Company by the Authority or the Trustee.

Pledge of First Mortgage Bonds

Although the Company has not yet elected to do so, in order to provide collateral security for the Company's obligations to make payment of installments, the Company may elect to issue and deliver to the Trustee a series of First Mortgage Bonds, registered in the name of the Trustee, which shall have the same stated rate or rates of interest prior to maturity, payable at the same times, and which shall become due in the same principal amount or amounts, either by redemption, through operation of a sinking fund or by maturity, on the same date or dates, as the 2002 Bonds. The First Mortgage Bonds shall be held subject to the terms and provisions of the Agreement and the First Mortgage.

To exercise this election, the Company shall, not less than 14 days prior to the proposed date of delivery of the First Mortgage Bonds, (1) give to the Authority, the Trustee and nationally recognized securities rating agencies written notice that designates the date on which such First Mortgage Bonds will be delivered, and (2) deliver to the Trustee and the Authority a written opinion of Bond Counsel to the effect that such election and the delivery of such First Mortgage Bonds will not cause the interest on the 2002 Bonds to become includable in gross income for federal income tax purposes.

Indemnification

The Company has agreed to indemnify the Authority, the Paying Agent, the Registrar and the Trustee against claims arising out of the construction or operation of the pollution control facilities financed with the proceeds of the Refunded Bonds or the proceeds of the bonds refunded by the Refunded Bonds (the "Project") and to pay or bond and discharge and indemnify and hold harmless the Authority from and against (1) any lien or charge upon payments by the Company to or for the account of the Authority and (2) any taxes, assessments, impositions and other charges of any federal, state or municipal government or political body in respect of the Project. If any such claim is asserted, or any such lien or charge upon payments, or charges are sought to be imposed, the Authority, the Paying Agent, the Registrar or the Trustee, as the case may be, shall give prompt notice to the Company, and the Company shall pay the same or bond and assume the defense thereof, with full power to contest, litigate, compromise or settle the same in its reasonable discretion. The Company shall also protect and hold the

Authority, the Trustee, the Paying Agent and the Registrar harmless against any claim or liability arising from the Agreement, the bond resolution, the issuance of the 2002 Bonds and all transactions pertaining thereto, including but not limited to any loss or damage to property or any injury to or death of any person that may be occasioned by any cause pertaining to the Project or to the use thereof, in excess of any insurance proceeds available to the Authority in connection with the Project. Such indemnification shall include reasonable expenses and attorney's fees incurred by the Authority, its members, officers and employees, and its agents and attorneys, the Trustee, the Paying Agent or the Registrar in connection therewith. Nothing contained in the Agreement shall require the Company to indemnify the Authority for any claim or liability resulting from the willfully wrongful acts or gross negligence of the Authority, its members, officers, employees, agents or attorneys or of the officers, employees, agents or attorneys for the Trustee, the Paying Agent or the Registrar.

Assignment; Merger

Under certain conditions, the Company may assign its interest in the Agreement and lease or sell the Project, in whole or in part without the consent of the Authority or the Trustee. No such assignment, lease or sale will operate to relieve the Company from its primary liability for its obligation to make the payments of principal of, premium, if any, and interest on the 2002 Bonds or to make payments with respect to the purchase of 2002 Bonds.

The Company may consolidate with or merge into, or sell or otherwise transfer all or substantially all of its assets to, another corporation, partnership, joint venture, association, company, limited liability company, joint-stock company or business trust (each, a "Corporation") organized and existing under the laws of the United States of America or of one of the states of the United States or the District of Columbia or of a foreign jurisdiction which consents to the jurisdiction of the courts of the United States or the courts of one of the states of the United States if the surviving, resulting or transferee entity, if not the Company, expressly assumes by an agreement supplemental to the Agreement, all obligations of the Company under the Agreement.

Pledge and Security

Pursuant to the Agreement, the Authority has assigned and pledged to the Trustee all payments by the Company under the Agreement to secure the payment of the principal of and premium, if any, and interest on the 2002 Bonds. The Authority has also pledged and assigned to the Trustee all its other rights and interests under the Agreement (other than its rights to indemnification and reimbursement of expenses contained in the Agreement).

Deposit of 2002 Bond Proceeds

The proceeds of the sale of the 2002 Bonds shall be deposited first to the Debt Service Fund in an amount equal to the accrued interest, if any, paid by the purchasers of the 2002 Bonds, then the remaining balance to the redemption of the Refunded Bonds.

Issuance of Additional Bonds

Additional Bonds may be issued on a parity with the 2002 Bonds under the Agreement upon the approval of the Authority and the Company, the execution and delivery by the Company, and at the request of the Company by the Authority and the Trustee, of an agreement supplemental to the Agreement specifying the applicable form and terms of the additional Bonds, the corresponding loan of the proceeds to the Company and its reimbursement obligations with respect thereto, and identifying the Project financed or refinanced with the proceeds of such additional Bonds, the delivery of approving opinions of counsel confirming the enforceability of the obligations of the Authority and the Company thereunder, and the delivery of an approving opinion of nationally recognized bond counsel stating that the issuance of such additional bonds will not cause the interest on the 2002 Bonds to be includable in gross income for Federal income tax purposes and that the interest on such additional bonds will not be includable in gross income for Federal income tax purposes.

Investments

The moneys in the Debt Service Fund and the Redemption Fund may be retained uninvested, but will, at the specific written direction of the Company, be invested in securities or obligations specified in the Agreement. All income or other gain from such investments will be credited, and any loss will be charged, to the particular fund from which the investments were made.

Establishment of Funds

The following funds shall be established and maintained with the Trustee (or, in certain cases, with the Paying Agent, as set forth below) for the account of the Company, to be held in trust and applied subject to the provisions of the Agreement:

Debt Service Fund;
Redemption Fund; and
First Mortgage Bond Fund

The Debt Service Fund and the Redemption Fund shall be established and maintained by the Trustee if the Trustee also serves as the Paying Agent, and otherwise shall be established and maintained by the Paying Agent.

Debt Service Fund

The moneys and investments held in the Debt Service Fund shall be applied, except as otherwise provided, solely to the payment of the principal of, redemption premiums, if any, and interest on the 2002 Bonds.

Redemption Fund

The moneys and investments held in the Redemption Fund shall be applied, except as otherwise provided, solely to the redemption of 2002 Bonds. The Trustee or the Paying Agent, as appropriate, may, and upon written direction of the Company for specific purchases shall, apply moneys in the Redemption Fund to the purchase of 2002 Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of 2002 Bonds shall be paid by the Company.

If on any date the amount in the Debt Service Fund is less than the amount then required to pay the principal and interest then due on the 2002 Bonds, the Trustee or the Paying Agent, as appropriate, shall transfer the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular 2002 Bonds or required to purchase 2002 Bonds under outstanding purchase contracts) to the Debt Service Fund to the extent necessary to satisfy the deficiency. The Company shall remain liable for any sums which it has not paid into the Debt Service Fund, and any subsequent payment thereof shall be used to restore the funds transferred from the Redemption Fund to satisfy such deficiency.

First Mortgage Bond Fund

All payments, if any, made on the First Mortgage Bonds shall be deposited to the First Mortgage Bond Fund. Any funds in the First Mortgage Bond Fund shall be applied first to any amounts which the Company may be required to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund, and the balance, if any, shall be transferred to the Redemption Fund and, pending such application, shall be subject to a lien and charge in favor of the holders of the 2002 Bonds.

Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal of, redemption premium, if any, and interest on the outstanding 2002 Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the

redemption of particular 2002 Bonds or required to purchase 2002 Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee and the Paying Agent in accordance with the Agreement, be applied first to the payment of interest (other than on 2002 Bonds owned by the Company), including interest on overdue principal, and second to the payment of principal and redemption premiums (other than on 2002 Bonds owned by the Company), if any, without regard to the order in which the same became due (in proportion to the amounts due). Whenever moneys are to be applied pursuant to this paragraph, such moneys shall be so applied from time to time as the Trustee or the Paying Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee or the Paying Agent shall apply moneys pursuant to this paragraph, it shall fix the date (which shall be the first of a month unless the Trustee or the Paying Agent shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee or the Paying Agent shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue 2002 Bond, the Paying Agent may require presentation of the 2002 Bond for endorsement of the payment.

Payments by the Company

On the date on which a payment of principal of or interest is due, the Company shall pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to such payment less the amount, if any, in the Debt Service Fund and available therefor.

The payments to be made under the foregoing paragraph shall be appropriately adjusted to reflect the date of issue of 2002 Bonds, accrued interest deposited in the Debt Service Fund, if any, and any purchase or redemption of 2002 Bonds so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal due or coming due on the 2002 Bonds and so that accrued interest will be applied to the installments of interest to which it is applicable.

At any time when any principal of the 2002 Bonds is overdue, the Company shall also have a continuing obligation to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required as described above shall not otherwise bear interest. Redemption premiums shall not bear interest.

Payments by the Company to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Company to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal and interest on the 2002 Bonds when due, the Company shall supply the deficiency.

Within thirty (30) days after notice, the Company shall also pay all expenditures (except general administrative expenses or overhead) reasonably incurred by the Authority by reason of the Agreement and the reasonable fees and expenses of the Trustee and the Paying Agent.

Defaults

Each of the following events will constitute an "Event of Default" under the Agreement:

(1) Failure by the Company to make when due any payment of principal, premium, if any, or interest on the 2002 Bonds;

(2) Certain events of bankruptcy or insolvency relating to the Company shall have occurred;

(3) First Mortgage Bonds have been delivered in connection with the 2002 Bonds and a default under the First Mortgage shall have occurred and be continuing; or

(4) A failure by the Authority or the Company to observe and perform any other covenant, condition, agreement or provision contained in the 2002 Bonds or the Agreement (other than a failure described in clause (1), (2) or (3) above), which failure shall continue for a period of 90 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority and the Company by the Trustee, which notice may be given in the discretion of the Trustee and shall be given at the written request of the holders of not less than 25% in principal amount of 2002 Bonds then outstanding, unless such period is extended by the Trustee and the holders of a principal amount of 2002 Bonds not less than the principal amount of 2002 Bonds the holders of which requested such notice, as the case may be; provided, however, that the Trustee and the holders of such principal amount of 2002 Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority or the Company on behalf of the Authority within such period and is being diligently pursued.

Remedies

Upon the occurrence and continuance of an Event of Default described in clause (1), (3) or (4) of the preceding paragraph, and further upon the condition that if any First Mortgage Bonds have been delivered, all First Mortgage Bonds outstanding shall have become immediately due and payable in accordance with the terms of the First Mortgage, the Trustee may, and at the written request of holders of not less than 25% in principal amount of 2002 Bonds then outstanding shall, by written notice to the Authority and to the Company, declare the 2002 Bonds to be immediately due and payable, and upon the occurrence of an event of default described in clause (2) of the preceding paragraph, the 2002 Bonds shall, without further action, become and be immediately due and payable, anything in the Agreement or in the 2002 Bonds to the contrary notwithstanding, and the Trustee shall give notice of acceleration to the Authority and the Paying Agent and shall give notice thereof by mail to holders of the 2002 Bonds.

The provisions described in the preceding paragraph, however, are subject to the condition that if after the principal of the 2002 Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company or the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all 2002 Bonds and the principal of any and all 2002 Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Agreement) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Agreement other than nonpayment of the principal of 2002 Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority, the Company and the Paying Agent, and shall give notice thereof to holders of the 2002 Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon. To the extent that First Mortgage Bonds have been delivered in connection with the 2002 Bonds, a waiver of default under the First Mortgage and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under the Agreement, and a rescission and annulment of its consequences. The Trustee shall promptly give notice of such waiver, rescission and annulment as specified above.

Upon the occurrence of any Event of Default under the Agreement, the Trustee may proceed to pursue any available remedy to enforce the payment of the principal of, premium, if any, and interest on the 2002 Bonds then outstanding, including, without limitation, suits, actions or special proceedings in equity or at law and as the holder of First Mortgage Bonds, if any. The Trustee is not required to take any action in respect of an Event of Default or to enforce the trusts created by the Agreement except upon the written request of the holders of not less than 25% in principal amount of the 2002 Bonds then outstanding and receipt of indemnity satisfactory to it. The holders of a majority in principal amount of 2002 Bonds then outstanding will have the right to direct the method and place of conducting all remedial proceedings under the Agreement.

No holder of any 2002 Bond will have any right to institute suit or to execute any trust or power of the Trustee unless such holder has previously given the Trustee written notice of an Event of Default and unless also the holders of not less than 25% in principal amount of the 2002 Bonds then outstanding have made written request of

the Trustee so to do, and unless satisfactory indemnity had been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Agreement, the right of the holder of any 2002 Bond to enforce the payment of the principal of, premium, if any, and interest on such 2002 Bond at or after the maturity thereof will not be impaired or affected.

Defeasance

When there have been irrevocably deposited in the Debt Service Fund and the Redemption Fund sufficient funds, or certain obligations issued or guaranteed by the United States as provided in the Agreement in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the 2002 Bonds in full, and when all the rights of the Authority, the Trustee and the Paying Agent have been provided for, upon written notice from the Company to the Authority, the Trustee and nationally recognized securities rating agencies, the Bondowners shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment, and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement, the security interests created by the Agreement (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such 2002 Bonds are to be redeemed prior to the maturity thereof, the Trustee shall have taken all action necessary to redeem such 2002 Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee and the Paying Agent. Upon defeasance of the Agreement, the funds and investments required to pay or redeem the 2002 Bonds in full shall be irrevocably set aside for that purpose subject to the requirements of the Agreement, and moneys held for defeasance shall be invested only as provided above in this paragraph. Any funds or property held by the Trustee or the Paying Agent and not required for payment or redemption of the 2002 Bonds in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Company upon such indemnification, if any, as the Authority or the Trustee may reasonably require.

Removal of Trustee

The Trustee may be removed at any time, and a successor Trustee appointed, by the holders of not less than a majority in aggregate principal amount of 2002 Bonds at the time outstanding. Provided that no Event of Default, or event or circumstance which with the passage of time or the giving of notice or both could become an Event of Default under the Agreement, has occurred and is continuing, the Company may also remove the Trustee and appoint a successor Trustee, such removal to be effective only upon the acceptance of such appointment by a qualified successor Trustee.

Supplemental Agreements

The Agreement may be modified or amended by supplemental agreements without the consent of or notice to the Bondowners for any of the following purposes:

(1) To establish the form or terms of additional Bonds of any series as provided under the Agreement, specify the corresponding loan of the proceeds to the Company and its reimbursement obligations with respect thereto and identify the Project financed or refinanced with the proceeds of such Bonds or the bonds refunded with the proceeds of such Bonds;

(2) To evidence the succession of another Corporation to the Company and the assumption by any such successor of the covenants of the Company in the Agreement and in the 2002 Bonds;

(3) To add to the covenants and agreements of the Authority or the Company contained in the Agreement other covenants and agreements thereafter to be observed, and to surrender any right or power therein reserved to or conferred upon the Authority or the Company;

(4) To modify any of the provisions of the Agreement or release the Authority from any of the obligations, conditions or restrictions therein contained; provided, that no such modification or release shall be or become operative or effective which shall in any manner impair any of the rights of the Bondowners or the Trustee; and provided further, that the Trustee may in its sole discretion decline to enter into any such supplemental agreement which in its opinion may not afford adequate protection to the Trustee when the same shall become operative;

(5) To cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Agreement or in any supplemental agreement in a manner which, in the opinion of bond counsel of nationally recognized standing, is not adverse to the interests of the Bondowners;

(6) To make such provision in regard to matters or questions arising under the Agreement as may be necessary or desirable and not inconsistent with the Agreement and not, in the opinion of bond counsel of nationally recognized standing, materially adverse to the interests of the Bondowners;

(7) To secure any of the 2002 Bonds, as contemplated by the Agreement;

(8) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(9) To change the method of determining any interest rate in a manner not to the prejudice of the Trustee or Bondowners; or

(10) To make any change which is required by nationally recognized securities rating agencies in order to obtain or maintain a rating of the 2002 Bonds; provided, that no such change, in the opinion of bond counsel of nationally recognized standing, shall adversely affect the exclusion of interest on the 2002 Bonds from gross income of the holders thereof for federal income tax purposes.

Exclusive of supplemental agreements entered into for the purposes described in the preceding paragraphs, and not otherwise, the holders of not less than a majority in aggregate principal amount of the 2002 Bonds then outstanding shall have the right, from time to time, anything contained in the Agreement to the contrary notwithstanding, to consent to and approve the execution by the Company, the Authority and the Trustee of such other agreement or agreements supplemental to the Agreement as shall be deemed necessary and desirable by the Company for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Agreement or in any supplemental agreement; provided, however, that nothing in the Agreement contained shall permit, or be construed as permitting without the consent of the holders of the 2002 Bonds then outstanding affected thereby (1) an extension of the maturity of the principal of or premium, if any, or the interest on or redemption date of any 2002 Bond issued thereunder, (2) a reduction in the principal amount of any 2002 Bond or the rate of interest or redemption premium thereon, or a change in the method of determining the rate of interest thereon, (3) a privilege or priority of any 2002 Bond or 2002 Bonds over any other 2002 Bond or 2002 Bonds, (4) a reduction in the aggregate principal amount of the 2002 Bonds required for consent to such modification, amendment or supplemental agreement, or (5) impairment of the exemption from federal income taxation of interest on any of the outstanding 2002 Bonds.

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APPENDIX C
PROPOSED OPINION OF BOND COUNSEL

Letterhead of Palmer & Dodge LLP

June 11, 2002

Hillsborough County Industrial
Development Authority
c/o Thomas K. Morrison
Morrison & Mills, P.A.
1200 West Platt, Suite 100
Tampa, Florida 33606

J.P. Morgan Securities Inc.
270 Park Avenue, 48th Floor
New York, New York 10017

The Bank of New York Trust Company
of Florida, N.A., as Trustee
10161 Centurion Parkway
Jacksonville, Florida 32256

$147,085,000
Hillsborough County Industrial Development Authority
Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project)
Series 2002

We have acted as bond counsel in connection with the issuance by the Hillsborough County Industrial Development Authority (the "Authority") of the above-captioned bonds (the "2002 Bonds").

The 2002 Bonds are being issued pursuant to a Loan and Trust Agreement dated as of June 1, 2002 (the "Agreement") among the Authority, The Bank of New York Trust Company of Florida, N.A., as trustee (the "Trustee"), and Tampa Electric Company (the "Company"). Under the Agreement, the Company has agreed to make payments to be used to pay when due, the principal of, premium (if any) and interest on the 2002 Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Authority under the Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged by the Authority as security for the 2002 Bonds. The 2002 Bonds are to be payable solely from Revenues.

Reference is made to the opinion of Sheila M. McDevitt, Esq., counsel to the Company, of even date with respect to, among other matters, the corporate status, good standing and qualification to do business of the Company, the corporate power of the Company to enter into and perform the Agreement, the execution and delivery of the Agreement by the Company, and the extent to which the Agreement is binding upon and enforceable against the Company. Reference is also made to the opinion of even date of Morrison & Mills, P.A., counsel to the Authority, as to the authority, procedures and action of the Authority in connection with the authorization of the 2002 Bonds, the Agreement and the 2002 Bond Purchase Agreement dated June 4, 2002 between the Authority and J.P. Morgan Securities Inc. (the "Purchase Contract"). We have relied upon the foregoing opinions of other counsel with respect to such matters in giving this opinion.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Company contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion that, as of the date hereof and under existing law:

1. The Authority is a validly existing public body corporate and politic created under Florida Statutes §159.45, with all necessary power and authority to enter into and perform its obligations under the Agreement, the Purchase Contract and the 2002 Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Authority and the Company and is a valid and binding obligation of each of the Authority and the Company enforceable against the Authority and the Company in accordance with its terms.

3. The 2002 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from, and secured by an assignment and pledge by the Authority of, the Revenues.

4. Interest on the 2002 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes except for interest on any 2002 Bond while it is owned by a "substantial user" of the facilities financed and refinanced with the proceeds of the 2002 Bonds (the "Facilities") or by a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the "Code"). Interest on the 2002 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We call your attention to the fact that failure by the Company or the Authority to comply subsequent to the issuance of the 2002 Bonds with certain federal tax law requirements, including requirements regarding the use of the Facilities, the expenditure and investment of 2002 Bond proceeds, and the payment of rebates, if any, due to the United States, may cause interest on the 2002 Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the 2002 Bonds. The Company has covenanted in the Agreement to take such action as may be necessary under currently applicable federal income tax law to ensure that interest on the 2002 Bonds will remain excluded from gross income of the owners thereof for federal income tax purposes and to refrain from taking any action that would cause interest on the 2002 Bonds to be included in such gross income, except with respect to any 2002 Bond while it is owned by a substantial user or related person. If interest on the 2002 Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the 2002 Bonds are to be redeemed within 180 days at par plus accrued interest in whole, or in part to the extent necessary so that interest on the remaining outstanding 2002 Bonds will continue to be excluded from gross income for federal income tax purposes.

5. Under Florida Statutes §159.31, the 2002 Bonds, their transfer, and the income therefrom (including any profit on the sale thereof) will be free from taxation by the State of Florida or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations.

It is to be understood that the rights of the owners of the 2002 Bonds and the enforceability of the Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Yours faithfully,

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Tampa Electric Company (the "Company") and The Bank of New York Trust Company of Florida, N.A. (the "Trustee") in connection with the issuance of $147,085,000 Hillsborough County Industrial Development Authority (Florida) Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002 (the "Bonds"). The Bonds are being issued and the proceeds thereof loaned to the Company pursuant to the Loan and Trust Agreement dated as of June 1, 2002 (the "Agreement") among the Hillsborough County Industrial Development Authority (the "Issuer"), the Company and the Trustee. The Company and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Company and the Trustee for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule. The Company and the Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Owner of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Company pursuant to, and as described in, Section 3 of this Disclosure Agreement.

"Dissemination Agent" shall mean the Company, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Company and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"National Repository" shall mean any nationally recognized municipal securities information repository for purposes of the Rule. The current National Repositories are listed on Exhibit A attached hereto.

"Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"State Repository" shall mean any public or private repository or entity designated by the State of Florida as a state information repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Company shall, or shall cause the Dissemination Agent to, not later than May 31 of each year, commencing May 31, 2003, provide to each Repository a copy of the Company's Annual Report on Form 10-K for

each fiscal year filed with the SEC (or any successor form adopted by the SEC) containing audited financial statements of the Company (or attaching thereto the annual report to shareholders if such information is incorporated by reference in such Form 10-K from such annual report). In the event that the Company no longer files such reports with the SEC under the Securities Exchange Act of 1934, as amended, it will deliver to each Repository within the time set forth in this paragraph, a copy of its audited financial statements, prepared in accordance with generally accepted accounting principles and operating data (within the meaning of the Rule), of the type incorporated by reference in the Official Statement dated June 4, 2002 with respect to the Bonds. The deliveries described in this paragraph may be accomplished by delivery of an instrument incorporating by reference material on file with the SEC. Not later than fifteen (15) business days prior to said date, the Company shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Company may be submitted, when available, separately from the balance of the Annual Report. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and the Company shall provide the audited financial statements as soon as practicable after the audited financial statements become available.

(b) If by fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Company, the Issuer and the Dissemination Agent and notify them that the Trustee has not received the Annual Report.

(c) If an Annual Report has not been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any (insofar as determinations regarding National Repositories are concerned, the Dissemination Agent or the Company, as applicable, may rely conclusively on the list of National Repositories maintained by the SEC); and

(ii) file a report with the Company, the Issuer and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Reporting of Material Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, to the extent known by the Company as applicable:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.

(vii) Modifications to rights of the security holders.

(viii) Bond calls.

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the securities.

(xi) Rating changes.

(b) Whenever the Company obtains knowledge of the occurrence of a Listed Event, if such Listed Event is material under applicable federal securities laws, the Company shall promptly report the occurrence pursuant to subsection (d).

(c) If such Listed Event is not material the Company shall not report the occurrence pursuant to subsection (d).

(d) If the Company has concluded that it must report the occurrence of a Listed Event to comply with the Rule, the Company shall, or shall cause the Dissemination Agent to, file a notice of such occurrence with the Repositories, the Trustee and the Issuer.

SECTION 5. Termination of Reporting Obligation. The Company's obligations under this Disclosure Agreement shall terminate upon the defeasance in accordance with the terms of the Agreement, prior redemption or payment in full of all of the Bonds or upon delivery to the Trustee of an opinion of counsel expert in federal securities laws selected by the Company and acceptable to the Trustee to the effect that compliance with this Disclosure Agreement no longer is required by the Rule. If the Company's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Company and the original Company shall have no further responsibility hereunder.

SECTION 6. Dissemination Agent. The Company may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Company shall be the Dissemination Agent.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Company and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Company) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel, which may include bond counsel to the Issuer, expert in federal securities laws acceptable to both the Company and the Trustee to the effect that such amendment or waiver would not, in and of itself, violate the Rule. Without limiting the foregoing, the Company and the Trustee may amend this Disclosure Agreement if (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Company or of the type of business conducted by the Company, (b) this Disclosure Agreement, as so amended, would have complied with the requirements of the Rule at the time the Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) (i) the Trustee determines, or the Trustee receives an opinion of counsel, which may include bond counsel to the Issuer, expert in federal securities laws and acceptable to the Trustee to the effect that, the amendment does not materially impair the interests of the Owners of Bonds or (ii) the amendment is consented to by the Owners of Bonds as though it were an amendment to the Agreement pursuant to Section 1202 of the Agreement. The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. Neither the Trustee nor the Dissemination Agent shall be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its respective rights or immunities or increases its respective duties hereunder.

If the amendment pertains to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Company to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to each Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Company chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Company shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Company or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of Owners of Bonds representing at least 25% in aggregate principal amount of Outstanding Bonds, shall), take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. Without regard to the foregoing, any Owner of Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Agreement or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Company or the Trustee to comply with this Disclosure Agreement shall be an action for specific performance of the defaulting party's obligations hereunder and not for money damages in any amount.

SECTION 10. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Agreement. The Dissemination Agent (if other than the Company) shall have only such duties as are specifically set forth in this Disclosure Agreement. The Company agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Company under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Institution covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement.

SECTION 11. Obligations of Trustee. The Company and the Trustee hereby agree that the Trustee has no obligations hereunder to provide the Annual Report or any other information or any notices of the occurrence of Listed Events, regardless of whether the Trustee has actual knowledge thereof, to any person listed herein or otherwise; provided however, that the foregoing shall not limit in any respect the obligations of the Trustee under Section 3(b) hereof. The Trustee is a party hereto in order to allow the Trustee to enforce the Company's duties herein for the benefit of the Owners of the Bonds.

SECTION 12. Disclaimer. No Annual Report or notice of a Listed Event filed by or on behalf of the Company under this Disclosure Agreement shall obligate the Company to file any information regarding matters other than those specifically described in Section 4 hereof, nor shall any such filing constitute a representation by the Company or raise any inference that no other material events have occurred with respect to the Company or the Bonds or that all material information regarding the Company or the Bonds has been disclosed. The Company shall have no obligation under this Disclosure Agreement to update information provided pursuant to this Disclosure Agreement except as specifically stated herein.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Company, the Trustee, the Dissemination Agent, and the Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Company, the Trustee, and the Dissemination Agent shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered during a Business Day to such parties at the address specified in Section 1301 of the Agreement or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice.

SECTION 16. Governing Law. This instrument shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have caused this Disclosure Agreement to be duly executed all as of the date hereof.

Date: June 11, 2002

TAMPA ELECTRIC COMPANY

By:_____
Title:

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., as Trustee

By:_____
Title:

EXHIBIT A
NATIONAL REPOSITORIES

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
Email: NRMSIR@FTID.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Hillsborough County Industrial Development Authority

Name of Issue: Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002
Date of Issuance: June 11, 2002

NOTICE IS HEREBY GIVEN that the Company has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated June 11, 2002 between the Company and the Trustee. The Company anticipates that the Annual Report will be filed by _____.

Dated:_____

TAMPA ELECTRIC COMPANY

cc: The Bank of New York Trust Company of Florida, N.A., as Trustee

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[Execution copy]

$147,085,000
HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
POLLUTION CONTROL REVENUE REFUNDING BONDS
(Tampa Electric Company Project),
Series 2002

BOND PURCHASE AGREEMENT

June 4, 2002

On the basis of the representations, warranties and covenants contained in the Representation Letter (hereinafter defined) and in this Bond Purchase Agreement (the "Purchase Contract") and upon the terms and conditions contained in this Purchase Contract, J.P. Morgan Securities Inc. and Banc One Capital Markets, Inc. (collectively the "Underwriters") hereby offer to purchase from the Hillsborough County Industrial Development Authority (Florida) (the "Authority") $147,085,000 aggregate principal amount of the Authority's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002 consisting of (i) $60,685,000 of 5.100% Term Bonds due October 1, 2013 (the "2013 Bonds") and (ii) $86,400,000 of 5.500% Term Bonds due October 1, 2023 (the "2023 Bonds") and, together with the 2013 Bonds, the "Bonds"), to be issued under and pursuant to a Loan and Trust Agreement to be dated as of June 1, 2002 (the "Agreement") among the Authority, Tampa Electric Company, a Florida corporation (the "Company") and The Bank of New York Trust Company of Florida, N.A., as trustee (the "Trustee") for the purpose of refinancing certain pollution control facilities of the Company located in Hillsborough County, Florida (the "Project"). Capitalized terms used herein but not defined herein shall have the meaning assigned thereto in the Agreement.

SECTION 1. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE AUTHORITY. The Authority hereby represents and warrants to, and covenants and agrees with, each Underwriter and the Company that:

(a) The Authority is a public body corporate and politic, established, validly existing and in good standing as a public instrumentality under the laws of the State of Florida (the "State"). The Authority is authorized by the provisions of Part III of Chapter 159, Florida statutes, as amended (the "Act"), among other things, (i) to offer, issue, sell and deliver the Bonds, for the purpose of refunding the Refunded Bonds, (ii) to advance the proceeds of the Bonds to the Company, to be applied in accordance with the Agreement, to refund, pay and discharge the Refunded Bonds, (iii) to assign and pledge (with certain exceptions) its rights and interests under the Agreement as security for the payment of the principal of, premium, if any, and interest on the Bonds and to provide such other security for the Bonds as is set forth in the Agreement or as is contemplated herein, (iv) to enter into and perform its obligations under this Purchase Contract, the Bonds, the Agreement and any other instrument or agreement to which the Authority is a party and which has been executed in connection with the transactions contemplated by the foregoing documents in order to accomplish the foregoing transactions,

provided that the Bonds are not and shall never become general obligations, debts or liabilities of the Authority, but shall be payable solely and only in the manner and from the sources specified in the Agreement.

(b) The Authority has the full legal right, power and authority (i) to adopt the Resolution, (ii) to execute and deliver this Purchase Contract and the Agreement, (iii) to offer, issue, sell and deliver the Bonds to the Underwriters as provided herein and (iv) to carry out and consummate all transactions contemplated by each of the aforesaid documents, and the Authority has complied with all provisions of the Constitution and laws of the State of Florida, including the Act, in all matters relating to such transactions, and any procedural rules of the Authority pertaining to the issuance and the sale of the Bonds. No (1) laws, rules or regulations applicable to the Authority, (2) laws, rules or regulations proposed or enacted by any governmental body, agency or department of the State of Florida, or (3) judgments, rulings or orders directly pertaining to the Authority issued by any court or administrative body prohibit or would have the effect of prohibiting the Authority from effecting the transactions contemplated hereby on the Closing Date.

(c) The information relating to the Authority under the caption "THE AUTHORITY" contained (i) in the Preliminary Official Statement dated May 28, 2002 (the "Preliminary Official Statement"), and (ii) in the Official Statement dated June 4, 2002 (the "Official Statement"), each of which terms includes Appendices A, B, C and D thereto (the "Appendices") and all documents incorporated in Appendix A by reference (such Appendix A and the documents incorporated therein by reference being herein referred to, collectively, as "Appendix A"), and any amendment or supplement to the Preliminary Official Statement or the Official Statement that may be authorized for use by the Authority with respect to the Bonds, at all times from the respective date thereof to and including the Termination of the Disclosure Period (as defined below), is, and as of the Closing Time (as defined below) will be, true and correct in all material respects and does not 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, in light of the circumstances at the time made or deemed to be made, not misleading. During such period (not to exceed 90 days after the Closing Date, as hereinafter defined) as the Underwriters believe delivery of the Official Statement is necessary or desirable in connection with sales of the Bonds by the Underwriters or a dealer, if any event shall occur as a result of which, in the Underwriters' judgment, it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, the Authority will cooperate, at the Underwriter's request, in the preparation of either amendments or supplements to the Official Statement so that the statements in the Official Statement under the caption "THE AUTHORITY" as so amended or supplemented will not, in the light of the circumstances when the Official Statement is delivered to a purchaser, be misleading. The end of the period referred to in the immediately preceding sentence shall be referred to herein as the "Termination of the Disclosure Period".

(d) Except as provided herein, the Authority has duly authorized all action necessary to be taken by it or on its behalf for: (i) the offering, issuance, execution, sale and delivery of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the use by

the Underwriters of those sections of the Preliminary Official Statement relating to the Authority (with respect to which the Authority delivered a deemed final (except for permitted omissions) certificate for purposes of Rule 15c2-12 on or before the date of delivery to the Underwriters) and the Official Statement, the approval of the Official Statement and the execution of the Official Statement by the Chairman of the Authority or such other authorized member or employee of the Authority as may be satisfactory to the Underwriters; (iii) the advance of the Bond proceeds in accordance with the Agreement in order to provide funds for the payment and discharge of the Refunded Bonds; (iv) the execution, delivery and acceptance by the Authority of this Purchase Contract and the Agreement (this Purchase Contract, the Bonds and the Agreement being hereinafter referred to, collectively, as the "Authority Documents") and any and all such other agreements and documents as may be required to be executed, delivered and accepted by the Authority in order to carry out, give effect to, and consummate the transactions contemplated by the Official Statement and the Authority Documents; (v) the adoption of the Bond Resolution; and (vi) the carrying out, giving effect to, and consummation of the transactions contemplated by the Authority Documents and by the Preliminary Official Statement and Official Statement; *provided* that no representation is made with respect to the compliance with the securities or "Blue Sky" laws of the various states of the United States. All consents and approvals necessary to be obtained by the Authority in connection with the foregoing have been received, and the consents or approvals so received are still in force and effect.

(e) The Agreement shall be in the form heretofore submitted to and approved by the Underwriters, with only such changes therein or modifications thereof as the Underwriters, the Company and the Authority shall mutually agree upon. The Bonds, when issued, delivered and paid for as herein and in the Agreement provided, will have been duly, authorized and issued by the Authority.

(f) The Bond Resolution has been duly adopted by the Authority, is in full force and effect, and constitutes the legal, valid and binding act of the Authority, and each of the Authority Documents, when executed and delivered, will constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally.

(g) The Bonds have been duly and validly authorized and, when delivered to the Underwriters, the Bonds will have been duly authorized, executed, authenticated, issued and delivered in conformity with the laws of the State, including the Act, and will be entitled to the benefit and security of the Agreement.

(h) The Authority will deposit the proceeds from the sale of the Bonds in accordance with the Agreement.

(i) The adoption of the Bond Resolution, the execution and delivery by the Authority of this Purchase Contract, and the consummation of the transactions contemplated herein or in the other Authority Documents, do not and will not conflict with, or constitute on the part of the Authority a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, commitment, note, or other agreement or instrument to which the Authority is a party

or by which it is bound, (ii) any provision of the Constitution of the State or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Authority (or any of its members or employees in their respective capacities as such) is subject.

(j) Other than the Authority Documents, and certain documents relating to the Refunded Bonds, the Authority has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Project.

(k) There is no action, suit, proceeding, inquiry or investigation pertaining to the Authority, at law or in equity, before or by any court, public board or body, pending or, to the best knowledge of the Authority, threatened, which in any way questions the powers of the Authority referred to in Section 1(b) hereof, or the validity of any proceeding taken by the Authority in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Purchase Contract, or of any other document or instrument required or contemplated by this financing, or which, in any way, could adversely affect the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, this Purchase Contract or the other Authority Documents, or which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes or in any other way questions the status of the Bonds under federal or state income tax laws or regulations; *provided, however*, that interest on the Bonds being subject to federal alternative minimum tax shall not be deemed to be a breach of this representation.

(l) Any certificate signed by any member or employee of the Authority and delivered to the Underwriters or the Company shall be deemed a representation and warranty by the Authority to the Underwriters or the Company, as the case may be, as to the truth of the statements therein contained.

(m) The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority is a bond issuer whose arbitrage certifications may not be relied upon.

(n) The Authority will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Agreement.

(o) The Authority agrees to cooperate with the Underwriters and Counsel to the Underwriters in any manner the Underwriters reasonably request in connection with the qualification of the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriters may reasonably designate and to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and the Authority agrees to cooperate in maintaining such qualifications in effect so long as required for the distribution of the Bonds; *provided, however*, that the Authority and the Company shall not be required to execute a general consent to local service of process in any state or jurisdiction where it is not now subject nor to waive its governmental or sovereign immunity. It is understood that the Authority is not responsible for compliance with or the

consequences of failure to comply with applicable "Blue Sky" laws. The Authority consents to the use of the Authority Documents by the Underwriters in the course of their efforts to qualify the Bonds under the securities or "Blue Sky" laws of the various jurisdictions.

(p) If between the date of this Purchase Contract and the Termination of the Disclosure Period, any event relating to the Authority shall have occurred or shall occur which might or would cause the Preliminary Official Statement or the Official Statement, as then amended or supplemented, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances at the time, not misleading, the Authority shall immediately notify the Underwriters and the Company thereof, and if in the Underwriters' or the Company's reasonable opinion such event, or any other event which may come to the Underwriters' attention, requires in the opinion of the Underwriters or the Company the preparation and publication of a supplement or amendment to the Preliminary Official Statement or the Official Statement as then amended or supplemented, the Authority will supplement or amend the Preliminary Official Statement or the Official Statement as then amended or supplemented in a form and in a manner approved by the Underwriters and the Company and will cooperate in the distribution thereof. The Authority agrees that all amendments or supplements to the Preliminary Official Statement and the Official Statement, including those due to the incorporation by reference therein of documents filed by the Company with the Securities and Exchange Commission (the "SEC"), will be prepared by the Company and, except for amendments or supplements due to incorporation by reference therein of documents filed by the Company with the SEC, will be furnished to the Authority, the Underwriters and Counsel to the Underwriters for review prior to being effected. No amendment or supplement to the Preliminary Official Statement or the Official Statement may be made without the consent of the Authority, except for amendments or supplements due to incorporation by reference therein of documents filed by the Company with the SEC.

(q) The Authority has not failed at any time during the five-year period ending on the date hereof to comply with the requirements of any continuing disclosure agreement undertaken or entered into pursuant to Rule 15c2-12.

All representations, warranties and agreements of the Authority shall survive the Closing Date, the sale by the Authority to the Underwriters and the resale by the Underwriters of the Bonds and shall remain operative and in full force and effect regardless of any investigations made by or on the Underwriters' behalf, and shall survive the delivery of the Bonds.

SECTION 2. PURCHASE, SALE AND DELIVERY OF THE BONDS.

(a) On the basis of the representations and warranties contained herein, in the Representation Letter and in the other agreements referred to herein and subject to the terms and conditions herein set forth, at the Closing Time the Authority agrees to sell to the Underwriters, and the Underwriters agree to purchase from the Authority, the 2013 Bonds at a purchase price of $61,751,235.45, such purchase price being 101.757% of the principal amount thereof and the 2023 Bonds at a purchase price of $85,324,320, such purchase price being 98.755% of the principal amount thereof, which aggregate principal amounts of the Bonds, dates of the Bonds, the maturity dates, the initial interest rates per annum and the public offering prices, are set forth

in Schedule A attached hereto. The Underwriters agree to make a bona fide public offering of all the Bonds at not in excess of the initial public offering prices, as set forth in Schedule A attached hereto. On or before the date of the Closing, the Underwriters shall furnish to the Authority a certificate acceptable to Palmer & Dodge LLP signed by J.P. Morgan Securities Inc. on behalf of the Underwriters establishing the issue price of the Bonds for purposes of Section 148 of the Internal Revenue Code of 1986 (the "Code"), and stating that the Authority, the Company and Palmer & Dodge LLP may rely on such certification for purposes of determining compliance with Section 148 of the Code.

(b) The Bonds shall be issued pursuant to and secured as provided in the Agreement, and the Bonds shall have the maturity and interest rates and be subject to purchase and redemption as set forth in the Agreement and the Official Statement.

(c) Payment for the Bonds shall be made by wire transfer in immediately available funds to the Trustee for the account of the Authority, payment of compensation to the Underwriters shall be made by wire transfer of immediately available funds and the documents hereunder shall be delivered at the offices of Palmer & Dodge LLP, 111 Huntington Avenue at Prudential Center, Boston, MA 02199-7613 at 9:00 a.m., Boston, Massachusetts time, on June 11, 2002, or such other place or time and date as the Underwriters, the Authority and the Company shall mutually agree upon in writing. The date of such delivery and payment is herein called the "Closing Date," and the hour and date of such delivery and payment is herein called the "Closing Time."

(d) The delivery of the Bonds shall be made in definitive form, bearing a CUSIP number (provided neither the printing of a wrong number on the Bonds nor the failure to print a number thereon shall constitute cause to refuse delivery of the Bonds), as a single typewritten Bond registered initially to Cede & Co., as nominee for The Depository Trust Company ("DTC"), and deposited with the Trustee as custodian for DTC. The Bonds shall be available for examination at the offices of Palmer & Dodge LLP in Boston, Massachusetts, by the Underwriters on the day prior to the Closing Date.

SECTION 3. CONDITIONS TO THE UNDERWRITERS' OBLIGATIONS. The Underwriters' obligations hereunder shall be subject to the due performance by the Authority of its obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy of and compliance with the representations and warranties of the Authority contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions:

(a) The Bonds, the Agreement and the Continuing Disclosure Agreement between the Trustee and the Company to be dated June 11, 2002 (the "Continuing Disclosure Agreement") shall have been duly authorized, issued, executed, authenticated and delivered, as the case may be, in the form heretofore approved by the Underwriters with only such changes therein as the Underwriters, the Authority and the Company shall mutually agree upon.

(b) At the Closing Time, the Underwriters (and the Authority in the case of (i)(A), (B) and (C) below) shall receive:

(i) The opinions, dated as of the Closing Date, and satisfactory in form and substance to the Underwriters and Counsel to the Underwriters of (A) Palmer & Dodge LLP, Bond Counsel, (B) Sheila M. McDevitt, Counsel to the Company, (C) Morrison & Mills, P.A., Counsel to the Authority, and (D) Milbank, Tweed, Hadley & McCloy LLP, Counsel to the Underwriters;

(ii) Evidence, reasonably satisfactory to the Underwriters, that the Representation and Indemnity Agreement dated of even date herewith from the Company to the Authority and the Underwriters (the "Representation Letter"), in the form submitted to and approved by the Underwriters, has been duly authorized, executed and delivered, has not been amended, modified or rescinded and is in full force and effect as of the Closing Time;

(iii) A certificate, reasonably satisfactory to the Underwriters, of the Chairman or Vice Chairman of the Authority, and attested by the Secretary or Assistant Secretary of the Authority or any other duly authorized officer of the Authority reasonably satisfactory to the Underwriters, dated as of the Closing Date, to the effect that: (A) the Authority has duly performed all of its obligations to be performed at or prior to the Closing Time pursuant to this Purchase Contract and that each of the representations and warranties of the Authority contained herein is true and correct as of the Closing Time; (B) the Authority has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Authority in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Agreement and the Official Statement; (C) except as described in the Official Statement, to his knowledge no litigation is pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Agreement or the existence of the Authority or powers of the Authority to loan the proceeds of the Bonds to the Company to refinance the Refunded Bonds; and (D) the execution and delivery of the Agreement and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby, and the compliance by the Authority with the provisions thereof will not conflict with or constitute on the part of the Authority a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement or other instrument to which the Authority is subject or by which it is or may be bound; provided that no representation or warranty is made as to any securities regulation or registration law of any state or of the United States of America;

(iv) A certificate, reasonably satisfactory in form and substance to the Underwriters and the Authority, of the President or any Vice President and the Secretary or Assistant Secretary of the Company, dated as of the Closing Date, to the effect that (A) the Company has performed all of its obligations to be performed under the Agreement at or prior to the Closing Time and (B) the Agreement, the Continuing Disclosure Agreement and the Representation Letter have not been amended, modified or rescinded and are in full force and effect, and the representations and warranties contained therein are true and correct in all material respects, as of the Closing Time;

(v) Certification as to arbitrage and other tax matters executed by the Authority and the Company, in form and substance satisfactory to Bond Counsel;

(vi) An executed Continuing Disclosure Agreement in substantially the form appended to the Official Statement;

(vii) The Underwriters shall have received a letter on and dated the Closing Date of PricewaterhouseCoopers LLP, satisfactory in form and substance to the Underwriters, (i) confirming that with respect to the Company they are independent public accountants within the meaning of the Securities Act of 1933, as amended ("1933 Act"), and the applicable published rules and regulations of the SEC thereunder and (ii) as of a date not more than five business days prior to the date thereof, covering such other matters as the Underwriters may reasonably request;

(viii) A certified copy of the Bond Resolution;

(ix) Certified copies of all resolutions of the Company relating to the Bonds;

(x) Evidence, satisfactory to the Underwriters, that the Bonds have been rated at least "A1" by Moody's Investors Service, Inc., at least "A-" by Standard & Poor's Ratings Group, a Division of the McGraw-Hill Companies, Inc. and "A+" by Fitch ICBA, Inc.; and

(xi) Such additional certificates and other documents as the Underwriters or Bond Counsel may reasonably request to evidence performance of or compliance with the provisions of this Purchase Contract and the transactions provided for herein, all such certificates and other documents to be reasonably satisfactory in form and substance to the Underwriters and Bond Counsel.

(c) The Underwriters shall have the right to cancel their obligations hereunder to purchase the Bonds by notifying the Authority and the Company in writing or by telegram of their election so to do between the date hereof and the Closing Time if at any time hereafter and prior to the Closing Time:

(i) (A) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States, or recommended by the President of the United States to the Congress of the United States for passage, or favorably reported for passage to either the House of Representatives or the Senate by any committee of either body to which such legislation has been referred for consideration (including amendments, if any, to such legislation so reported if proposed or announced by such committee, its chairman, the conference committee or its chairman); (B) a decision shall be rendered by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States; (C) a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which has the purpose or effect of imposing federal income taxation on the interest to be paid on the Bonds; or (D) any other event shall have occurred which results in (1) the imposition of federal income taxation upon revenues or other income of the general character to be derived by the Authority or by any similar body or upon interest received on obligations of the general character of the Bonds, which legislation fails to exempt interest on bonds of the specific character of the Bonds; (2) an increase in the rate or incidence of alternative minimum

taxation thereon; or (3) in connection with the ownership of the Bonds, the denial of any deduction or the inclusion in gross income of other income which would otherwise be excluded from gross income for purposes of federal income taxation; and which legislation, decision, ruling, regulation order or event, in the Underwriters' opinion, shall materially adversely affect the marketability of the Bonds or the marketability generally of obligations of the general character of the Bonds;

(ii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or any governmental body, department or agency in the State, or a decision by a court established under Article III of the Constitution of the United States or any court of competent jurisdiction within the State shall be rendered which, in the reasonable opinion of the Underwriters, is likely to result in a situation having a material adverse effect on the market price of the Bonds;

(iii) a stop order, ruling, regulation or official statement by, or on behalf of, the SEC shall be issued or made to the effect that the issuance, offering or sale of the Bonds is or would be in violation of any provision of the 1933 Act, or of the Securities Exchange Act of 1934, as amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act");

(iv) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court established under Article III of the Constitution of the United States shall be rendered, or a ruling or regulation by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made or proposed to the effect that the Bonds are not exempt from registration, qualification or other similar requirements of the 1933 Act or of the Trust Indenture Act;

(v) any event shall have occurred, or information shall have become known, which makes untrue or incorrect, in any material respect, any statement or information contained in the Official Statement, including Appendix A, as in its form on the date hereof, or which is not reflected in such Official Statement, including the Appendix A, but should be reflected therein, for the purpose for which the Official Statement, including Appendix A, is to be used to make the statements and information contained therein, in light of the circumstances in which they were made, not misleading in any material respect;

(vi) any rating of the Bonds shall have been downgraded or withdrawn by a national rating service;

(vii) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, with respect to the extension of credit by the Underwriters, or the charge to the net capital requirements of the Underwriters; or

(viii) in the reasonable judgment of the Underwriters, the marketability of the Bonds, or the marketability generally of obligations of the general character of the Bonds,

might be materially adversely affected because: (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) a general banking moratorium shall have been established by federal, New York or Florida authorities; (C) a war involving the United States of America shall have been declared, or any other national calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to affect materially and adversely the Underwriters' ability to market the Bonds or (D) trading in any securities of the Company shall have been suspended on any national securities exchange.

SECTION 4. CONDITIONS OF THE AUTHORITY'S OBLIGATIONS. The Authority's obligations hereunder are subject to the performance by the Underwriters of their obligations hereunder and the further condition that at the Closing Time the Authority shall have received the opinions described in Section 3(b)(i) (A), (B) and (C) hereof.

SECTION 5. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements of the Authority shall remain operative and in full force and effect regardless of any investigations made by or on behalf of the Underwriters, and shall survive delivery of the Bonds to the Underwriters.

SECTION 6. PAYMENT OF EXPENSES.

(a) The Authority and the Underwriters shall be under no obligation to pay, and the Company has separately agreed to pay, all expenses of providing the Bond Counsel opinion required by paragraph 3(b)(i) hereof.

(b) The Authority shall be under no obligation to incur any expenses or to pay any expenses incurred by the Underwriters in connection with the offering and sale of the Bonds.

SECTION 7. TRUTH-IN-BONDING. The Authority is proposing to issue $147,085,000 of debts or obligations for the purpose of refinancing the Refunded Bonds. These debts or obligations are expected to be repaid over a period of approximately 11.306 years (in the case of the 2013 Bonds) and 21.306 years (in the case of the 2023 Bonds). At a forecasted interest rate of 5.100% per annum (in the case of the 2013 Bonds) and 5.500% (in the case of the 2023 Bonds), total interest paid over the life of the debts or obligations will be $136,233,959.58. The source of repayment or security for these proposed debts are payments to be made by the Company pursuant to the Agreement. Authorizing these debts or obligations will result in no monies of the Authority not being available to finance other services of the Authority in any year.

SECTION 8. USE OF OFFICIAL STATEMENT; SECURITIES LAWS. The Authority hereby ratifies and confirms the authority of the Underwriters to use the Preliminary Official Statement dated May 28, 2002 and authorizes the use by the Underwriters of, and will cooperate in the preparation of, the Official Statement in connection with the sale of the Bonds. The Underwriters agree to comply with the applicable provisions of the 1933 Act and any applicable state Blue Sky laws in connection with the offer and sale of the Bonds.

SECTION 9. MEMBERS OF AUTHORITY NOT LIABLE. No covenant, stipulation, representation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, representation, obligation or agreement of any present or future member, agent or employee of the Authority in his individual capacity, and neither the members of the Authority nor any official executing this document shall be subject to any personal liability or accountability by reason of the execution by the Authority or such members hereof.

SECTION 10. NOTICE. Any notice or other communication to be given to the Authority under this Purchase Contract may be given by mailing or delivering the same in writing to the Hillsborough County Industrial Development Authority, c/o Thomas K. Morrison, Morrison & Mills, P.A., 1200 West Platt, Suite 100, Tampa, Florida 33606; and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by mailing or delivering the same in writing to J.P. Morgan Securities Inc. at 270 Park Avenue, New York, New York 10017, Attention: Municipal Finance.

SECTION 11. APPLICABLE LAW; NONASSIGNABILITY. This Purchase Contract shall be governed by the laws of the State of Florida. This Purchase Contract shall not be assigned by the Authority or by the Underwriters without the prior consent of the other party.

SECTION 12. SEVERABILITY OF PROVISIONS. If any one or more of the covenants, agreements, provisions or terms of this Purchase Contract shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Purchase Contract and shall in no way affect the validity or enforceability of the other provisions of this Purchase Contract or of the rights of the parties hereto.

SECTION 13. EXECUTION OF COUNTERPARTS. This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

IN WITNESS WHEREOF the parties have caused this Purchase Contract to be executed in their respective names by officers duly appointed to do so, and their respective seals to be affixed where appropriate, as of the dates indicated.

J.P. MORGAN SECURITIES INC.

By _____
Title: Vice President

BANC ONE CAPITAL MARKETS, INC.

By _____
Title:

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By _____
Title: Chairman

IN WITNESS WHEREOF the parties have caused this Purchase Contract to be executed in their respective names by officers duly appointed to do so, and their respective seals to be affixed where appropriate, as of the dates indicated.

J.P. MORGAN SECURITIES INC.

By_____
Title:

BANC ONE CAPITAL MARKETS, INC.

By_____
Title: John R. Raben, Managing Director

HILLSBOROUGH COUNTY
INDUSTRIAL DEVELOPMENT
AUTHORITY

By_____
Title: Chairman

IN WITNESS WHEREOF the parties have caused this Purchase Contract to be executed in their respective names by officers duly appointed to do so, and their respective seals to be affixed where appropriate, as of the dates indicated.

J.P. MORGAN SECURITIES INC.

By_____
Title:

BANC ONE CAPITAL MARKETS, INC.

By_____
Title:

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By_____
Title: Chairman Robert W. Miller

SCHEDULE A

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)

Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project)
Series 2002

$60,685,000 5.100% Term Bonds due October 1, 2013

(a) Aggregate principal amount of the Bonds--$60,685,000

(b) Date of the Bonds--June 11, 2002

(c) Date of maturity--October 1, 2013

(d) Initial interest rate per annum--5.100%

(e) Public offering price--101.757%

$86,400,000 of 5.500% Term Bonds due October 1, 2023

(a) Aggregate principal amount of the Bonds--$86,400,000

(b) Date of the Bonds--June 11, 2002

(c) Date of maturity--October 1, 2023

(d) Initial interest rate per annum--5.500%

(e) Public offering price--98.755%

Morrison & Mills, P.A.

ATTORNEYS AT LAW
1200 WEST PLATT STREET
SUITE 100
TAMPA, FLORIDA 33606

THOMAS K. MORRISON
FREDERICK J. MILLS
KEVIN A. DiTANNA

TELEPHONE (813) 258-3311
TELECOPIER (813) 258-3209

June 11, 2002

Hillsborough County Industrial
Development Authority
Tampa, Florida 33601

Palmer & Dodge LLP
111 Huntington Avenue
Boston, Massachusetts 02199

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

The Bank of New York Trust
Company of Florida, N.A.,
as Trustee
10161 Centurion Parkway
Jacksonville, Florida 32256

Bank One Capital Markets, Inc.
One Bank One Plaza
Chicago, Illinois 60670

Tampa Electric Company
702 Franklin Street
Tampa, Florida 33602

Re: $147,085,000 Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002

Ladies and Gentlemen:

As counsel for the Hillsborough County Industrial Development Authority (the "Issuer"), we are authorized to furnish opinions that may be required in connection with the sale and issuance by the Issuer of $147,085,000 aggregate principal amount of its Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002 (the "Bonds") pursuant to a Loan and Trust Agreement dated as of June 1, 2002 (the "Agreement") among the Issuer, The Bank of New York Trust Company of Florida, N.A., as trustee (the "Trustee") and Tampa Electric Company (the "Company"). In our capacity as counsel for the Issuer, we have examined the following:

(a) A certified copy of the resolution adopted by the Issuer on May 2, 2002 (the "Resolution") in connection with the issuance by the Issuer of the Bonds pursuant to and under the provisions of the Constitution of the State of Florida, the Florida Industrial Development Financing Act, Parts II and III of Chapter 159, Florida Statutes (the "Act"), a resolution of the Board of County Commissioners of Hillsborough County, Florida (the "Commissioners") adopted on October 27, 1971, organizing the Hillsborough County Industrial Development Authority (the "Organizing Resolution"), an extract of minutes of a meeting of the Commissioners held on May 15, 2002, whereat the Commissioners adopted a motion approving the issuance of the Bonds (the "Approving Motion," and together with the Organizing Resolution. the "Commissioners' Approvals"), and other applicable provisions of law;

(b) Counterparts of the Agreement, pursuant to and in accordance with the provisions of which the Bonds are issued;

(c) Counterparts of the Bond Purchase Agreement dated June 4, 2002 (the "Bond Purchase Agreement") among the Issuer and J.P. Morgan Securities Inc. and Bank One Capital Markets, Inc., as purchasers (the "Purchasers");

(d) Counterparts of the Representation and Indemnity Agreement among the Issuer, the Company and the Purchasers; and

(e) Such other public records, documents and proceedings as we have deemed relevant and necessary in rendering this opinion.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a public body corporate and politic of the State of Florida. Pursuant to the Act, the Issuer is empowered to issue the Bonds and to use the proceeds thereof for the purpose of refunding all of the $27,000,000 aggregate principal amount of the Issuer's Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1972 and the $125,000,000 aggregate principal amount of the Issuer's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1991 and 1992, and to assign to the Trustee the payments and certain other amounts derived from the Agreement out of which the Bonds are payable.

2. The issuance, execution and delivery of the Bonds by the Issuer and the execution and delivery of the Agreement and the Bond Purchase Agreement, and the performance by the Issuer of its obligations with respect thereto, will not contravene any provisions of Florida law or any judgment, order, decree or regulation of any court or any public or governmental agency or authority of the State of Florida applicable to the Issuer, and will not result in any breach of, or constitute a default under any agreement or instrument to which the Issuer is a party or by which the Issuer is bound.

3. The Issuer has the right and power to adopt the Resolution, and the Resolution has been duly adopted by the Issuer and as of the date hereof is in full force and effect in the form in which adopted.

4. The Commissioners have the right and power to adopt the Commissioners' Approvals, and the Commissioners' Approvals have been duly adopted by the Commissioners and as of the date hereof are in full force and effect in the form in which they were adopted.

5. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Agreement and the Bond Purchase Agreement or any agreement or instrument to which the Issuer is a party and which is used or contemplated by the Agreement or the Bond Purchase Agreement.

6. The Issuer has taken the actions that constitute all of the action necessary to duly authorize the issuance and sale of the Bonds and to authorize the transactions

contemplated by the Agreement and the Bond Purchase Agreement, and the Bonds have been duly executed and issued and constitute valid and binding limited obligations of the Authority enforceable in accordance with their terms payable solely from the payments made by the Borrower pursuant to the Agreement and other moneys in the funds and accounts held under the Agreement. The Issuer has no taxing power. Neither the general credit of the issuer nor the general credit or taxing power of Hillsborough County, the State of Florida or any political subdivision thereof is pledged for the payment of the principal, premium, if any, or interest on the Bonds.

7. The Agreement and the Bond Purchase Agreement have been duly authorized, executed and delivered by the Issuer, and the Agreement and the Bond Purchase Agreement represent the valid and legally binding agreements of the Issuer enforceable in accordance with their respective terms.

The opinions expressed in this letter are generally qualified as follows:

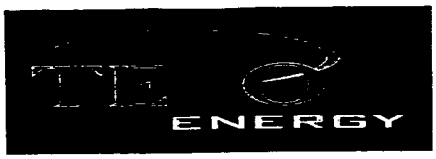
A. The obligations of the Issuer, and the enforceability thereof, with respect to the documents described above are subject, in part, to the provisions of bankruptcy laws of the United States of America and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect. Certain of the obligations, and the enforcement thereof, contained in the Agreement and the Bond Purchase Agreement are also subject to general equity principles which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

B. All opinions are predicated upon present laws, facts and circumstances, and we assume no affirmative obligations to updated the opinions if such laws, facts or circumstances change after the date of this opinion.

C. We do not express any opinions concerning any law other than the laws of the State of Florida. No opinion is expressed as to the requirements of any federal laws which may govern the issuance, offering and sale of the Bonds, except as specifically set forth in this letter, or which may govern the exclusion from income for federal income tax purposes of the interest on the bonds. No opinion is given regarding the applicability of or compliance with Blue Sky or state securities laws of such jurisdictions as may require compliance therewith in connection with the offer and sale of the Bonds.

Morrison & Mills, P.A.

By: _____
Thomas K. Morrison, Esquire



June 11, 2002

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, IL 60670-0826

Hillsborough County Industrial
Development Authority
c/o Thomas K. Morrison
Morrison & Mills, P.A.
1200 West Platt, Suite 100
Tampa, Florida 33606

The Bank of New York Trust Company
of Florida, N.A., as Trustee
10161 Centurion Parkway
Jacksonville, FL 32256

Re: $147,085,000 Hillsborough County Industrial Development Authority (Florida) Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002

Ladies and Gentlemen:

As General Counsel of Tampa Electric Company, a corporation organized under the laws of the State of Florida (the "Company"), I have acted as counsel to the Company in connection with the preparation, execution and delivery of the Loan and Trust Agreement dated as of June 1, 2002 (the "Agreement") among the Company, the Hillsborough County Industrial Development Authority (the "Authority") and The Bank of New York Trust Company of Florida, N.A. as trustee (the "Trustee"), relating to the issuance by the Authority of $147,085,000 aggregate principal amount of its Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002 (the "Bonds"). J.P. Morgan Securities, Inc. and Banc One Capital Markets, Inc. (the "Underwriters") have acted as Underwriters for the Company in connection with the sale of the Bonds.

The Bonds were sold pursuant to a Bond Purchase Agreement dated June 4, 2002, between the Authority and the Underwriters (the "Purchase Contract") and on the basis of a

TECO ENERGY, INC.
P. O. BOX 111 TAMPA, FL 33601-0111 (813) 228-4111
WWW.TECOENERGY.COM
AN EQUAL OPPORTUNITY COMPANY

Representation and Indemnity Agreement dated June 4, 2002 (the "Representation Letter") among the Company, the Authority and the Underwriters.

In my examination I have assumed the genuineness of all signatures (other than signatures made on behalf of the Company), including endorsements, the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies and the authenticity of the originals of such copies. As to facts material to this opinion which I did not independently establish or verify, I have relied upon statements and representations of officers of the Company and other representatives and public officials. Also, with your approval, I have relied as to certain legal matters on advice of other lawyers employed by the Company who are more familiar with such matters.

In rendering the opinions set forth herein, I, or attorneys under my supervision, have examined and relied on originals or copies of the Agreement, Purchase Contract, Representation Letter, the Continuing Disclosure Agreement dated June 11, 2002 between the Company and the Trustee (the "Continuing Disclosure Agreement") and the Official Statement dated June 4, 2002 relating to the Bonds (such official statement including Appendices A and B thereto being referred to herein as the "Official Statement") and have also examined the governing documents and corporate records, agreements, certificates of public officials and such other documents and matters of law as I have deemed necessary or appropriate as a basis for the opinions set forth below. As to various questions of fact material to my opinion, I have relied upon the representations made in or pursuant to the Representation Letter and upon certificates of officers of the Company. When used in this opinion, the phrase "to my knowledge" or equivalent words with respect to a matter means that nothing has come to my attention in the course of my representation of the Company which would lead me to question such matter but that, except as expressly stated, I have not made any special investigation with respect thereto.

The opinions are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally and (b) any equitable principles limiting the right to obtain specific performance of any obligations. I express no opinion with respect to any provision of the Agreement, Purchase Contract, Representation Letter or Continuing Disclosure Agreement to the extent that such provision purports to exculpate any person thereby or grants rights of indemnification which may violate public policy, and insofar as enforceability of such provision may be limited under state securities laws.

To the extent that the opinions expressed below involve the validity of the Bonds, I have relied with your permission upon the opinions of even date of Morrison & Mills, P.A. and Palmer & Dodge LLP, copies of which have been delivered to you.

I am a member of the Florida Bar, and I express no opinion as to the laws of any other jurisdiction other than the applicable laws of the State of Florida. I do not express any opinion concerning matters governed by any securities laws of the State of Florida.

Based upon and subject to the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, I am of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of Florida, with corporate power and authority to own its properties and conduct its business as described in the Official Statement, and to execute and deliver, and to carry out and perform its obligations under the Agreement, the Continuing Disclosure Agreement and the Representation Letter.

2. The Agreement, the Continuing Disclosure Agreement and the Representation Letter have been duly authorized, executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms.

3. To my knowledge, there is no action, suit, or other proceeding at law or in equity, or any arbitration proceeding, by or before any governmental agency or arbitrator now pending or threatened against or affecting the Company, or any of its assets challenging the execution of the Agreement, the Continuing Disclosure Agreement or the Representation Letter or that if adversely determined could materially and adversely affect the financial condition, assets, or operations of the Company or its ability to perform the transactions contemplated by the Agreement, the Representation Letter, the Continuing Disclosure Agreement and the Purchase Contract.

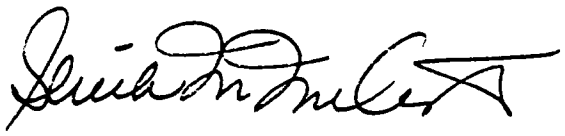
4. All consents, governmental approvals, licenses or authorizations required to be obtained by the Company before the date hereof for its execution, delivery and performance of the Agreement, the Continuing Disclosure Agreement and the Representation Letter have been obtained and are in full force and effect. To my knowledge there is no proceeding pending or threatened that seeks, or may reasonably be expected, to rescind, terminate, modify, suspend, or withhold any of the consents, approvals, licenses, or authorizations referred to in this paragraph.

5. The execution, delivery and performance by the Company of the Agreement, the Continuing Disclosure Agreement and the Representation Letter do not and will not (a) violate any provision of any law or any governmental rule or regulation or any existing provision of the Restated Articles of Incorporation or Bylaws of the Company, or to the best of my knowledge any existing order, writ, judgment, decree, determination or award of any court, other governmental body, or arbitrator of competent jurisdiction, (b) result in a breach of or constitute a default under any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or any of the Company's Forms 10-Q or 8-K filed thereafter, or (c) result in or require the creation or imposition of any lien (except as contemplated by the Agreement) upon or with respect to any of the assets now owned or hereafter acquired by the Company.

I, or attorneys under my supervision, have participated in discussions with officers and other representatives of the Company and representatives of the Underwriters at which discussions the contents of the Official Statement and related matters were discussed and, although I have not independently verified, am not passing upon and do not assume any

responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement (except as hereinafter stated), I advise you that, on the basis of the foregoing, no facts have come to my attention that cause me to believe that the Official Statement, and the documents incorporated therein by reference, taken together as of the date thereof and hereof (except for information therein relating to the tax-exempt status of interest on the Bonds, as to which I express no opinion), contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that I express no comment as to the financial statements, including the notes thereto and supporting schedules, or other financial information and data contained in the Official Statement.

Very truly yours,



Sheila M. McDevitt
Senior Vice President - General Counsel

PALMER & DODGE LLP
111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

June 11, 2002

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, IL 60670-0826

Hillsborough County Industrial
Development Authority
c/o Thomas K. Morrison
Morrison & Mills, P.A.
1200 West Platt, Suite 100
Tampa, Florida 33606

The Bank of New York Trust Company
of Florida, N.A., as Trustee
10161 Centurion Parkway
Jacksonville, FL 32256

Re: $147,085,000 Hillsborough County Industrial Development Authority (Florida) Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Hillsborough County Industrial Development Authority (the "Authority") of $147,085,000 aggregate principal amount of the Authority's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002 (the "Bonds"). As such counsel we have examined executed copies of the Loan and Trust Agreement dated as of June 1, 2002 (the "Agreement") among Tampa Electric Company (the "Company"), the Authority and The Bank of New York Trust Company of Florida, N.A. as trustee (the "Trustee"), the Bond Purchase Agreement dated June 4, 2002 (the "Purchase Contract") among the Authority, J.P. Morgan Securities Inc. and Banc One Capital Markets, Inc. (the "Underwriters") and the Official Statement dated June 4, 2002 relating to the Bonds (such official statement including Appendices A and B thereto, the

"Official Statement"), and have issued an opinion to the Authority of even date herewith relating to the validity of the Bonds.

We have participated in discussions with officers and other representatives of the Company and representatives of the Underwriters at which discussions the contents of the Official Statement and related matters were discussed and, although we have not independently verified, are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement (except as hereinafter stated), we advise you that, on the basis of the foregoing, no facts have come to our attention that cause us to believe that the Official Statement, and the documents incorporated therein by reference, taken together as of the date thereof and hereof (except for information therein relating to the tax-exempt status of interest on the Bonds, as to which we refer you to our separate opinion of even date), contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that we express no comment as to the financial statements, including the notes thereto and supporting schedules, or other financial information and data contained in the Official Statement.

Based on the foregoing examination and on such examination of law as we have deemed necessary, we are of the opinion that no registration under the Securities Act of 1933, as amended, or qualification under the Trust Indenture Act of 1939, as amended, is required in connection with the offer and sale of the Bonds or the execution and delivery of the Agreement.

Very truly yours,

PALMER & DODGE LLP

PALMER & DODGE LLP
111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

June 11, 2002

Hillsborough County Industrial
Development Authority
c/o Thomas K. Morrison
Morrison & Mills, P.A.
1200 West Platt, Suite 100
Tampa, Florida 33606

J.P. Morgan Securities Inc.
270 Park Avenue, 48th Floor
New York, New York 10017

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, IL 60670-0826

The Bank of New York Trust Company
of Florida, N.A., as Trustee
10161 Centurion Parkway
Jacksonville, Florida 32256

$147,085,000
Hillsborough County Industrial Development Authority
Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project)
Series 2002

We have acted as bond counsel in connection with the issuance by the Hillsborough County Industrial Development Authority (the "Authority") of the above-captioned bonds (the "2002 Bonds").

The 2002 Bonds are being issued pursuant to a Loan and Trust Agreement dated as of June 1, 2002 (the "Agreement") among the Authority, The Bank of New York Trust Company of Florida, N.A., as trustee (the "Trustee"), and Tampa Electric Company (the "Company"). Under the Agreement, the Company has agreed to make payments to be used to pay when due, the principal of, premium (if any) and interest on the 2002 Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Authority under the Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged by the Authority as security for the 2002 Bonds. The 2002 Bonds are to be payable solely from Revenues.

Reference is made to the opinion of Sheila M. McDevitt, Esq., counsel to the Company, of even date with respect to, among other matters, the corporate status, good standing and qualification to do business of the Company, the corporate power of the Company to enter into and perform the Agreement, the execution and delivery of the Agreement by the Company, and the extent to which the Agreement is binding upon and enforceable against the Company. Reference is also made to the opinion of even date of Morrison & Mills, P.A., counsel to the Authority, as to the authority, procedures and action of the Authority in connection with the authorization of the 2002 Bonds, the Agreement and the 2002 Bond Purchase Agreement dated June 4, 2002 among the Authority, J.P. Morgan Securities Inc. and Banc One Capital Markets, Inc. (the "Purchase Contract"). We have relied upon the foregoing opinions of other counsel with respect to such matters in giving this opinion.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Company contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion that, as of the date hereof and under existing law:

1. The Authority is a validly existing public body corporate and politic created under Florida Statutes §159.45, with all necessary power and authority to enter into and perform its obligations under the Agreement, the Purchase Contract and the 2002 Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Authority and the Company and is a valid and binding obligation of each of the Authority and the Company enforceable against the Authority and the Company in accordance with its terms.

3. The 2002 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from, and secured by an assignment and pledge by the Authority of, the Revenues.

4. Interest on the 2002 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes except for interest on any 2002 Bond while it is owned by a "substantial user" of the facilities financed and refinanced with the proceeds of the 2002 Bonds (the "Facilities") or by a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the "Code"). Interest on the 2002 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We call your attention to the fact that failure by the Company or the Authority to comply subsequent to the issuance of the 2002 Bonds with certain federal tax law requirements, including requirements regarding the use of the Facilities, the expenditure and investment of 2002 Bond proceeds, and the payment of rebates, if any, due to

the United States, may cause interest on the 2002 Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the 2002 Bonds. The Company has covenanted in the Agreement to take such action as may be necessary under currently applicable federal income tax law to ensure that interest on the 2002 Bonds will remain excluded from gross income of the owners thereof for federal income tax purposes and to refrain from taking any action that would cause interest on the 2002 Bonds to be included in such gross income, except with respect to any 2002 Bond while it is owned by a substantial user or related person. If interest on the 2002 Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the 2002 Bonds are to be redeemed within 180 days at par plus accrued interest in whole, or in part to the extent necessary so that interest on the remaining outstanding 2002 Bonds will continue to be excluded from gross income for federal income tax purposes.

5. Under Florida Statutes §159.31, the 2002 Bonds, their transfer, and the income therefrom (including any profit on the sale thereof) will be free from taxation by the State of Florida or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations.

It is to be understood that the rights of the owners of the 2002 Bonds and the enforceability of the Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Yours faithfully,

Palmer & Dodge LLP

MILBANK, TWEED, HADLEY & McCLOY LLP

1 CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005-1413

212-530-5000

FAX: 212-530-5219

LOS ANGELES
213-892-4000
FAX: 213-629-5063

PALO ALTO
650-739-7000
FAX: 650-739-7100

WASHINGTON, D.C.
202-835-7500
FAX: 202-835-7586

LONDON
44-207-448-3000
FAX: 44-207-448-3029

FRANKFURT
49-69-7593-7170
FAX 49-69 7593-8303

TOKYO
813-3504-1050
FAX 813-3595-2790

HONG KONG
852-2971-4888
FAX. 852-2840-0792

SINGAPORE
65-6428-2400
FAX. 65-6428-2500

June 11, 2002

J.P. Morgan Securities Inc.
270 Park Avenue, 48th Floor
New York, New York 10017

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, IL 60670-0826

Re: Hillsborough County Industrial Development Authority (Florida)
Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002

Ladies and Gentlemen:

We have acted as counsel for you as Underwriters in connection with your purchase from Hillsborough County Industrial Development Authority (the "Authority"), of its Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002, in the aggregate principal amount of $147,085,000, consisting of (i) $60,685,000 of 5.100% Term Bonds due October 1, 2013 and (ii) $86,400,000 of 5.500% Term Bonds due October 1, 2023 (collectively the "Series 2002 Bonds"), pursuant to a Bond Purchase Contract, dated as of June 4, 2002 (the "Purchase Contract"), between you and the Authority. The Series 2002 Bonds are to be issued pursuant to a Loan and Trust Agreement dated as of June 1, 2002, among the Authority, Tampa Electric Company (the "Company") and The Bank of New York Trust Company of Florida, N.A., as Trustee (the "Agreement"), for the purpose of providing funds to refinance certain pollution control facilities of the Company located in Hillsborough County, Florida (the "Project"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract.

In that connection, we have reviewed the Agreement, the official statement of the Authority, dated June 4, 2002, with respect to the Series 2002 Bonds (the "Official

Statement"), the Purchase Contract, certificates of the Authority, the Company and others, the opinions and other documents referred to in Section 3(b) of the Purchase Contract and such other records, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions and conclusions hereinafter expressed.

In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with the original documents of all documents submitted to us as copies, the authenticity of the originals of such latter documents and, in the case of documents executed prior to the date of this opinion letter, that there has been no course of conduct that would alter the terms of those documents as reviewed by us. As to various questions of fact material to such opinions we have relied upon certifications by directors, officers and representatives of parties to the Authority Documents and other appropriate persons, statements contained in the Official Statement, and the representations and warranties made by the parties to the Authority Documents in or pursuant to the Purchase Contract and the other Authority Documents. We have assumed that each of you, the Authority, the Company, the County and the Trustee has complied, and will continue to comply, with the respective agreements made by you or such party in the Series 2002 Bonds and the Authority Documents.

We are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above (including the accuracy of all legal conclusions contained therein, including (without limitation) representations and legal conclusions regarding the due authorization, due authentication, issuance, delivery, legality, validity and enforceability of the Series 2002 Bonds and the exclusion of interest thereon from gross income for federal income tax purposes, and the due authorization, legality, validity and enforceability of the Agreement and each supplemental agreement to the Agreement.

In addition, we participated in the closing held today at the offices of Palmer & Dodge LLP, 111 Huntington Avenue at Prudential Center, Boston, MA 02199-7613, and during the course of which the Trustee delivered the Series 2002 Bonds to your representatives for your account, in accordance with the Purchase Contract, against payment therefor.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that:

1. No registration of the Series 2002 Bonds under the Securities Act of 1933 and no qualification of the Agreement under the Trust Indenture Act of 1939 is required for the offer, sale and delivery of the Series 2002 Bonds to you in the manner contemplated by the Purchase Contract, the Official Statement and the Agreement.

2. Sections 2(d) & (q) of the Purchase Contract together with the Continuing Disclosure Agreement dated June 11, 2002 executed and delivered by the Company and

the Trustee, satisfy the requirements contained in Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934 for an undertaking for the benefit of the holders of the Series 2002 Bonds to provide the information at the times and in the manner required by said rule.

In our capacity as your counsel, we participated in conferences with your representatives and representatives of the Authority, the Company, their respective counsel, Morrison & Mills, as Counsel to the Authority, Palmer & Dodge LLP, as Bond Counsel, Holland & Knight LLP as Company Counsel, and others, during which conferences the contents of the Official Statement and related matters were discussed. We have not independently verified the accuracy, completeness or fairness of the statements contained in the Official Statement, and the limitations inherent in the examination made by us and the knowledge available to us are such that we are unable to assume, and we do not assume, any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement. Based on our participation in the above-mentioned conferences, and in reliance thereon and on the records, documents, certificates and opinions herein mentioned (as set forth above), no information came to the attention of the attorneys in our firm rendering legal services in connection with such representation which caused us to believe that the Official Statement considered as a whole on its date or on the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. We do not express any opinion or belief as to the financial statements and other financial, statistical or accounting data or information included in the Official Statement or omitted therefrom, or as to any information about the tax status of interest on the Series 2002 Bonds.

We do not express any opinion as to matters governed by any laws other than the laws of the States of New York and the Federal laws of the United States of America.

We are furnishing this letter to you pursuant to of Section 3(b)(i) of the Purchase Contract solely for your benefit as Underwriters. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Very truly yours,

Mallon Tweed Hadley & McCloy LLP

MCB/RBW

The opinions of Palmer & Dodge LLP, Bond Counsel for each of the Series 1990, Series 1992 and Series 1993 Bonds (collectively, the "Bonds") described herein, dated the date of issuance of each series of Bonds, stated that assuming continued compliance with the applicable requirements of the Internal Revenue Code after the issuance of the Bonds and the satisfaction of the other conditions described under the caption "Tax Exemption" in the Official Statements, interest on the Bonds will be excluded from gross income for federal income tax purposes, except for interest on any Bond during any period while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the Internal Revenue Code. Bond Counsel's opinions related to the Series 1990 and Series 1992 Bonds also stated that interest on the Bonds is not treated as a preference item for purposes of the federal individual and corporate alternative minimum taxes, but interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. Bond Counsel's opinion related to the Series 1993 Bonds stated that interest on such Bonds is treated as a preference item for purposes of the federal individual and corporate alternative minimum taxes. Bond Counsel's opinion for each series of Bonds also stated that under Florida Statutes §159.31, as in effect on the date of issuance of each series of Bonds, the Bonds, their transfer and the income therefrom are free from taxation in the State of Florida, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations. See "TAX EXEMPTION" in this Remarketing Supplement and in each Official Statement.

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
$51,605,000* Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project), Series 1990, Due: September 1, 2025 (Non-AMT)
$54,200,000* Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Gannon Coal Conversion Project), Series 1992, Due: May 15, 2018 (Non-AMT)
$20,000,000* Pollution Control Revenue Bonds
(Tampa Electric Company Project), Series 1993, Due: November 1, 2020 (AMT)

The Bonds will bear interest from August 15, 2002 (the "Conversion Date") until July 31, 2007 (the "Fixed Rate Period") at a fixed rate (the "Fixed Rate"). During the Fixed Rate Period, the 1990 Bonds and the 1992 Bonds will bear interest at 4.00% per annum, and the 1993 Bonds will bear interest at 4.25% per annum. The Bonds will be subject to mandatory tender for purchase on August 1, 2007, each at a purchase price equal to 100% of the principal amount thereof plus accrued interest thereon, but with the right of each Bondholder to elect to retain all or a portion of the Bonds. Interest on each series of Bonds will be payable semi-annually on February 1 and August 1 of each year, commencing on February 1, 2003. Principal of, and premium, if any, will be payable at the principal corporate trust office of JPMorgan Chase Bank, New York, New York, the Paying Agent, Tender Agent and Registrar of the Bonds. **The obligation of Tampa Electric Company (the "Company") to pay the purchase price of tendered Bonds on August 1, 2007 will not be supported or insured by any liquidity facility or other credit enhancement.**

The Bonds are limited obligations of the Hillsborough County Industrial Development Authority (the "Authority"), and are payable solely from the payments to be made under separate Loan and Trust Agreements each among

TAMPA ELECTRIC COMPANY

the Authority and The Bank of New York , as Trustee.

The Bonds are not a new issuance but were originally issued as separate series in September, 1990, October, 1992 and June, 1993. Each series of Bonds is being remarketed by Salomon Smith Barney in its capacity as remarketing agent (the "Remarketing Agent") pursuant to the provisions for converting the interest rate on such series of Bonds from a daily interest rate to a long-term rate. The Bonds are being sold to and reoffered by the Underwriters set forth on the cover of this Remarketing Supplement in connection with the remarketing of the Bonds by the Remarketing Agent.

The Bonds are in the form of fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC is acting as securities depository for the Bonds. Purchases will be made only in book-entry form through DTC participants in denominations of $5,000 and any integral multiple thereof and no physical delivery of Bonds will be made to purchasers. Ownership interests in the Bonds will be shown on, and the transfer thereof will be effected only through, records maintained by DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, reference herein to Owners or registered Owners shall mean Cede & Co., as aforesaid, and payments of principal and interest on the Bonds will be made directly to DTC by the Trustee. Disbursement of such payments to DTC participants will be the responsibility of DTC and disbursement of such payments to the beneficial Owners will be the responsibility of DTC participants. For more information refer to the "BOOK-ENTRY ONLY SYSTEM" section in the Official Statements.

The Bonds are subject to mandatory and optional redemption by the Company as described herein. However, the Company intends to agree not to exercise certain of its rights to optionally redeem the Bonds for the duration of the Fixed Rate Period. See "THE BONDS – Redemption of the Bonds" in this Remarketing Supplement. The right of Bondholders to retain Bonds subject to mandatory purchase or, under certain circumstances, redemption, is more fully described herein.

Price: 100%

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE BONDS DO NOT CONSTITUTE A DEBT OF THE AUTHORITY, HILLSBOROUGH COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF UNDER ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER AND SHALL NEVER CONSTITUTE A CHARGE OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF SUCH ENTITIES. THE AUTHORITY HAS NO TAXING POWER.

The Bonds are reoffered by the Underwriters, subject to prior sale by the Remarketing Agent and certain other conditions. The Bonds are expected to be delivered to DTC on or about August 15, 2002.

Salomon Smith Barney

Banc One Capital Markets Inc. **JPMorgan**

Dated: August 8, 2002

*** The exact principal amount of Bonds to be remarketed and reoffered will be determined on the Conversion Date. See "UNDERWRITING" section on page 5.**

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SUPPLEMENT TO OFFICIAL STATEMENTS

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)

$51,605,000 Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project)
Series 1990
Due: September 1, 2025

$54,200,000 Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Gannon Coal Conversion Project)
Series 1992
Due: May 15, 2018

$20,000,000 Pollution Control Revenue Bonds
(Tampa Electric Company Project)
Series 1993
Due: November 1, 2020

GENERAL INFORMATION

This Remarketing Supplement sets forth certain information with respect to the following series of bonds: $51,605,000 principal amount Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990 (the "1990 Bonds"); $54,200,000 principal amount Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992 (the "1992 Bonds") and $20,000,000 principal amount Hillsborough County Industrial Development Authority Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993 (the "1993 Bonds"). The 1990 Bonds, the 1992 Bonds and the 1993 Bonds are collectively referred to as the "Bonds."

The 1990 Bonds were originally issued pursuant to a Loan and Trust Agreement, dated as of September 24, 1990 (the "1990 Agreement") among Hillsborough County Industrial Development Authority (Florida) (the "Authority"), Tampa Electric Company (the "Company"), and The Bank of New York, as trustee (the "Trustee"). Pursuant to the 1990 Agreement, the proceeds of the 1990 Bonds were loaned to the Company and used for the purposes set forth in the Official Statement dated September 27, 1990 (the "1990 Official Statement") attached hereto as Appendix D.

The 1992 Bonds were originally issued pursuant to a Loan and Trust Agreement, dated as of October 26, 1992 (the "1992 Agreement") among the Authority, the Company and the Trustee. Pursuant to the 1992 Agreement, the proceeds of the 1992 Bonds were loaned to the Company and used for the purposes set forth in the Official Statement dated October 26, 1992 (the "1992 Official Statement") attached hereto as Appendix E.

The 1993 Bonds were originally issued pursuant to a Loan and Trust Agreement, dated as of June 23, 1993 (the "1993 Agreement") among the Authority, the Company and the Trustee. Pursuant to the 1993 Agreement, the proceeds of the 1993 Bonds were loaned to the Company and used for the purposes set forth in the Official Statement dated June 21, 1993 (the "1993 Official Statement") attached hereto as Appendix F. The 1990 Official

Statement, the 1992 Official Statement and the 1993 Official Statement are collectively referred to as the "Official Statements." The 1990 Agreement, the 1992 Agreement and 1993 Agreement are collectively referred to as the "Agreements."

The Bank of New York (the "Trustee") is the successor to each of the trustees originally party to the Agreements. References to the Trustee in this Remarketing Supplement mean The Bank of New York in its capacity as Trustee under each applicable Agreement.

The Bonds are limited obligations of the Authority, secured solely by a pledge and assignment by the Authority to the Trustee of certain of the Authority's rights under the Agreements and as more fully described in the Official Statements.

Upon the issuance and delivery of the Bonds, the Bonds initially bore interest in the Daily Interest Rate Periods at Daily Interest Rates. The method of determining interest rates on the Bonds will be converted to the Long-Term Rate method and will thus bear interest at a fixed rate (the "Fixed Rate") on the Conversion Date specified on the cover page hereof for the five-year Fixed Rate Period. Following the Fixed Rate Period the interest rate on each series of Bonds will be a daily, weekly, short-term or long-term rate determined in accordance with the applicable Agreement.

A brief description of the Bonds is included in this Remarketing Supplement and descriptions of the Authority and the Agreements are included in the Official Statements attached as Appendices D, E and F hereto. Information regarding the business, properties and financial condition of the Company is included in Appendix A attached hereto, and Appendix A to each of the Official Statements is deleted and replaced by Appendix A hereof. The descriptions and summaries herein do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Terms not defined herein shall have the meanings set forth in the respective documents, copies of which may be obtained from the Underwriters whose names appear on the cover page hereof.

THE AUTHORITY

The Authority is a public body corporate and politic and a public instrumentality created pursuant to the laws of the State. The Authority was created under the constitution of the State of Florida and Part III of Chapter 159, Florida Statutes, as amended, a Resolution of the Board of County Commissioners of Hillsborough County, Florida adopted October 29, 1971, as amended and supplemented, and other provisions of law (collectively, the "Act"). Under the Act, the Authority is authorized to issue its revenue bonds or other debt obligations for the purpose of financing and refinancing projects for public purposes and for the purpose of fostering the economic development of Hillsborough County, Florida.

THE AUTHORITY IS ACTING AS A CONDUIT ISSUER WITH RESPECT TO THE BONDS, AND THE BONDS, TOGETHER WITH INTEREST AND PREMIUM, IF ANY, THEREON, CONSTITUTE LIMITED NONRECOURSE OBLIGATIONS OF THE AUTHORITY, SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OF THE AUTHORITY, AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE AUTHORITY, HILLSBOROUGH COUNTY, FLORIDA OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR THE TAXING POWER OF ANY OF THEM. THE AUTHORITY HAS NO TAXING POWER. THE BONDS AND THE INTEREST AND PREMIUM, IF ANY, THEREON ARE PAYABLE SOLELY FROM THE FUNDS PAYABLE BY THE COMPANY UNDER THE AGREEMENTS.

The Authority has not participated in the preparation of this Remarketing Supplement and makes no representation with respect to the accuracy or completeness of any of the material contained in this Remarketing Statement or the Official Statements. The Authority is not responsible for providing any purchaser of the Bonds with any information relating to the Bonds or the Agreements or any of the parties or transactions referred to in this Remarketing Statement or the Official Statements or for the accuracy or completeness of any such information obtained by any purchaser.

Disclosure Required by Section 517.051(1), Florida Statutes

Rule 3E-400.003, Rules of Government Securities, promulgated by the Florida Department of Banking and Finance, Division of Securities, under Section 517.051(1), Florida Statutes ("Rule 3E-400.003"), requires the Authority to disclose every default as to the payment of principal and interest with respect to obligations issued or guaranteed by the Authority after December 31, 1975. Rule 3E-400.003 further provides, however, that if the Authority, in good faith, believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted.

The Bonds do not constitute a general debt, liability or obligation of the Authority, but are instead secured by amounts paid under the Agreements and by other security discussed herein. The Bonds are not being offered on the basis of the financial strength of the Authority. Accordingly, the Authority, in good faith, believes that disclosure of any such default on bonds with respect to which the Authority was merely a conduit issuer and which are secured solely by payments of the borrower under a loan agreement, lease agreement or installment sale agreement, would not be considered material by a reasonable investor in the Bonds.

USE OF PROCEEDS

The proceeds of the offering of the Bonds pursuant to this Remarketing Supplement will be paid to the Remarketing Agent in connection with the remarketing of the Bonds. No proceeds of the Bonds will be paid to the Authority or the Company.

THE BONDS

Certain features of the Bonds discussed under the heading "The Bonds" of the Official Statements as they relate to interest thereon and conversion, purchase, remarketing and redemption thereof while such Bonds bear interest at a Fixed Rate in a Long-Term Rate Period such as the Fixed Rate Period are also discussed below in the interest of convenience.

Interest on the Bonds

The Bonds will bear interest at a Fixed Rate from August 15, 2002 to July 31, 2007 (the "Fixed Rate Period"). During the Fixed Rate Period, the 1990 Bonds and the 1992 Bonds will bear interest at a Fixed Rate of 4.00% per annum, and the 1993 Bonds will bear interest at a Fixed Rate of 4.25% per annum. Interest on the Bonds will be payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2003. Interest will be calculated on the basis of a 360-day year with twelve 30-day months. Following the Fixed Rate Period the interest rate on each series of Bonds will be a daily, weekly, short-term or long-term rate determined in accordance with the applicable Agreement.

Conversion of the Bonds

Because the Bonds will be converted to the Long-Term Rate method and will thus bear interest at the Fixed Rate for the period extending to July 31, 2007, during such period the Bonds will cease to be subject to the rights of conversion, purchase by the Company, purchase by the Paying Agent or the Remarketing Agent, or remarketing by the Remarketing Agent as such rights are described in the Official Statements.

Redemption of the Bonds

The Bonds will be subject to the rights of redemption as described in the Official Statements under the heading "Redemption of Bonds" except that the redemption rights described under the subheadings "Optional Redemption – Short-Term Interest Rate Period" and "Optional Redemption – Daily Interest Rate Period or Weekly Interest Rate Period" will not apply to the Bonds during the Fixed Rate Period, and the redemption rights described under the subheading "Optional Redemption – Long-Term Interest Rate" will also not apply to the Bonds. Upon the closing of this reoffering of the Bonds, the Company will enter into separate letter agreements with the Trustee, for the benefit of the holders of each series of the Bonds, providing that the Company will not exercise its right to cause the Authority to optionally redeem the Bonds, as described under the subheading "Optional Redemption – Long

Term Interest Rate Period", on page 15 of the 1990 Official Statement for the 1990 Bonds, on pages 16 and 17 of the 1992 Official Statement for the 1992 Bonds, and on pages 14 and 15 of the 1993 Official Statement for the 1993 Bonds, at any time prior to August 1, 2007, notwithstanding any provision to the contrary in the Agreements. The Bonds will again be subject to redemption by the Authority, and to repurchase by the Company, beginning on August 1, 2007.

Mandatory Tender of the Bonds

The Bonds will be subject to mandatory tender for purchase on August 1, 2007, each at a purchase price equal to 100% of the principal amount thereof plus accrued interest thereon; provided, however that each holder may elect to retain such Bonds. The Bonds will be deemed to be tendered unless the holder delivers an instrument to the Tender Agent directing that the Bonds or portion of the principal amount thereof not be redeemed, and containing the other information as set forth in more detail under the subheading "Waiver of Redemption by Owner" on page 16 of the 1990 Official Statement for the 1990 Bonds and on page 18 of the 1992 Official Statement for the 1992 Bonds, and under the subheading "Waiver of Mandatory Redemption by Owner" on page 15 of the 1993 Official Statement for the 1993 Bonds. **The obligation of the Company to pay the purchase price of tendered Bonds on August 1, 2007 will not be supported or insured by any liquidity facility or other credit enhancement.**

TAX EXEMPTION

The opinions of Palmer & Dodge LLP, Bond Counsel, delivered on September 27, 1990, October 27, 1992 and June 24, 1993 with respect to the Series 1990, Series 1992 and Series 1993 Bonds, respectively, have not been updated. The opinions are included as Appendix B to each of the attached Appendices D, E and F. No independent investigation has been made to confirm that the tax covenants of the Authority and the Company have been complied with.

Palmer & Dodge LLP will deliver an opinion in the form attached as Appendix C hereto in connection with the conversion of each series of Bonds to and the establishment of the Long-Term Rate that such establishment and conversion will not affect the exclusion of interest on the Bonds from the gross income of the owners of the Bonds for federal income tax purposes. Except as necessary to render the foregoing opinion, Palmer & Dodge LLP will not review any factual or legal matters relating to its initial opinions as Bond Counsel pertaining to the Bonds or events subsequent to the initial issuance of the Bonds.

CONTINUING DISCLOSURE

No financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds, and the Authority will not provide any such information. The Company has undertaken all responsibilities for any continuing disclosure to Bondowners as described below, and the Authority shall have no liability to the Bondowners or any other person with respect to such disclosures.

The Company has covenanted for the benefit of Bondowners to provide certain financial information and operating data relating to the Company for the prior fiscal year by not later than May 31 of each year beginning May 31, 2003 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Company to be material. The Annual Report will be filed on behalf of the Company with each Nationally Recognized Municipal Securities Information Repository and with the appropriate State Repository if such repository is established. The notices of material events will be filed on behalf of the Company with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in Appendix B — "FORM OF CONTINUING DISCLOSURE AGREEMENT". These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC").

The Company is a reporting company under the Securities Exchange Act of 1934 and it files regular reports with the SEC. In addition, the Company is subject to continuing disclosure requirements under existing continuing disclosure agreements. The Company has previously complied with the filing requirements under such prior continuing disclosure agreements.

ADDITIONAL BOND TERMS AND RELATED DOCUMENTS

Descriptions of additional provisions of the Bonds and summaries of the Agreements are set forth in the Official Statements and such information in the Official Statements is incorporated by reference herein, subject to any revision or modification of such information made to the description of the Bonds and related documents in this Remarketing Supplement.

UNDERWRITING

Salomon Smith Barney Inc., Banc One Capital Markets, Inc. and J.P. Morgan Securities Inc., as Underwriters, have agreed, subject to certain terms and conditions, to purchase the Bonds at a price equal to the price to the public specified on the cover page. The Company has agreed to pay to the Underwriters, in connection with the offering and sale of the Bonds, as consideration for their agreement to purchase the Bonds, a fee equal to $629,025 and reimbursement for certain expenses in connection therewith. The Underwriters are committed to purchase all of the Bonds if any are purchased.

Bonds held by existing holders that are not tendered for conversion on the Conversion Date have been called for redemption on the Conversion Date, and the Company intends to purchase those Bonds in lieu of redemption and deliver them to the Remarketing Agent for remarketing. However, under the Agreements, an existing holder may nevertheless retain Bonds called for redemption if the existing holder exercises its right to retain Bonds called for redemption as described under the subheading "Waiver of Redemption by Owner" on page 16 of the 1990 Official Statement for the 1990 Bonds and on page 18 of the 1992 Official Statement for the 1992 Bonds, and under the subheading "Waiver of Mandatory Redemption By Owner" on page 15 of the 1993 Official Statement for the 1993 Bonds. As a result of the foregoing, the exact principal amount of Bonds to be remarketed by the Remarketing Agent and purchased and reoffered by the Underwriters will be finally determined on the Conversion Date. Purchasers of Bonds from the Underwriters pursuant to this Remarketing Supplement will settle those purchases on the Conversion Date, but the exact principal amount of Bonds to be sold to a purchaser may be decreased on the Conversion Date to account for Bonds that existing holders have elected to retain.

The Company has agreed to indemnify the Underwriters and the Remarketing Agent against certain liabilities, including liabilities under the federal securities laws, in connection with the offering of the Bonds pursuant to this Remarketing Supplement.

The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing any of the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriters.

In the ordinary course of their respective businesses, the Underwriters and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with the Company and/or its affiliates.

LEGALITY

Palmer & Dodge LLP, Boston, Massachusetts acted as Bond Counsel in connection with the original issuance of each series of Bonds and in connection with this offering. Sheila M. McDevitt, General Counsel for the Company, will pass upon certain legal matters for the Company. Certain legal matters will be passed upon for the Underwriters by Milbank, Tweed, Hadley & McCloy LLP, counsel for the Underwriters. Palmer & Dodge LLP acted as counsel for the Company in connection with this offering and acts as counsel from time to time in matters for the Company and certain of its affiliates. Milbank, Tweed, Hadley & McCloy LLP acts as counsel from time to time in matters for the Company and certain of its affiliates.

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APPENDIX A

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APPENDIX A
TAMPA ELECTRIC COMPANY[1]

Tampa Electric, a division of Tampa Electric Company (the "Company"), provides electric energy and related services to over 575,000 residential, commercial and industrial customers in its West Central Florida service area covering approximately 2,000 square miles, including the City of Tampa and the surrounding areas. Tampa Electric has a total net winter generating capacity of 3,899 megawatts in operation, and is constructing additional capacity to serve its growing customer base. Tampa Electric is in the process of repowering an older coal-fired station to become a combined-cycle natural gas-fired facility. The repowering is expected to add 658 megawatts of generating capacity by 2004, significantly reduce emissions and enhance fuel diversity. Peoples Gas System, a division of the Company, is Florida's leading provider of natural gas. With a presence in most of Florida's major metropolitan areas, it serves over 272,000 residential and commercial customers. In early 2000, it completed a major expansion to Southwest Florida to market natural gas to a previously unserved high growth area of the state. Peoples Gas System is continuing its expansion into other areas of Florida previously unserved by natural gas.

The Company is a subsidiary of TECO Energy, Inc., a Florida corporation, the common stock of which is traded on the New York Stock Exchange.

The principal executive offices of the Company are located at TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602, telephone (813) 228-4111.

RECENT DEVELOPMENTS

Second Quarter Earnings

On July 18, 2002, TECO Energy, Inc. reported second quarter 2002 earnings, including earnings for the divisions of Tampa Electric Company. The net income summary for the quarter ended June 30, 2002 is set forth below.

	3 Months ended June 30		6 Months ended June 30		12 Months ended June 30	
	2002	2001	2002	2001	2002	2001
			(in millions)			
Tampa Electric	$45.4	$38.1	$81.4	$68.6	$166.8	$148.9
Peoples Gas	4.4	4.2	14.2	14.7	22.7	23.9
Regulated Businesses	$49.8	$42.3	$95.6	$83.3	$189.5	$172.8

Segment net income is reported on a basis that includes internally allocated financing costs at pretax rates of 7.0% for 2001 and 2002.

The net income for the second quarter of 2002 for the Tampa Electric division of Tampa Electric Company was $45.4 million, compared with $38.1 million for the same period in 2001. Tampa Electric showed improved results from customer growth of almost 3 percent and 12 percent higher retail energy sales from more normal weather. Retail energy sales in 2001 were reduced by mild spring weather. Results for the quarter included higher depreciation expense from normal plant additions and higher operations and maintenance expense related to a small-

[1] The information contained in this Appendix to the Remarketing Supplement has been obtained from Tampa Electric Company and speaks as of August 8, 2002. Neither the Authority, the Remarketing Agent nor the Underwriters makes any representation as to the accuracy and completeness of the information contained in this Appendix.

scale employee retirement program. The equity component of allowance for funds used during construction (AFUDC) (which represents allowed equity cost capitalized to the construction costs), primarily from the Gannon to Bayside Units 1 and 2 repowering project, increased to $5.7 million for the quarter, from $1.3 million for the same period last year.

Tampa Electric's year-to-date net income increased almost 19 percent to $81.4 million, reflecting almost 3 percent customer growth and almost 4 percent higher retail energy sales as a result of a return to more-normal spring weather. The equity component of AFUDC increased to $10.0 million from $2.1 million in the first half of 2001. Depreciation expense and operations and maintenance expenses increased as a result of the factors discussed for the quarter.

Peoples Gas System, a division of Tampa Electric Company, reported net income of $4.4 million for the quarter, compared with $4.2 million for the same period last year. Quarterly results reflected almost 4 percent customer growth, higher commercial sales, increased gas transportation for power generation customers and off-system sales, and lower operating expenses. Year-to-date net income was $14.2 million, compared with $14.7 million for the same period last year. Year-to-date results reflected mild winter weather partially offset by almost 4 percent customer growth, higher commercial usage and increased volumes for low margin, transportation gas for electric power generators, interruptible customers and off-system sales as lower gas prices made gas utilization more attractive for price sensitive customers.

On June 27, 2002, Peoples Gas System filed an application for a rate increase with the Florida Public Service Commission (FPSC). In its filing, Peoples Gas System has requested the FPSC to authorize interim rate relief of $5.4 million of annual gross revenues effective within 60 days of the filing. In total, Peoples Gas System is seeking a permanent rate increase of $22.6 million of annual base revenue, a 9 percent increase, with an allowed return on equity of 11.75 percent, compared with the current 11.25 percent, effective within eight months from the date of the filing. Since its last rate case in 1992, Peoples Gas System has added more than 100,000 customers, a 57 percent increase, nearly doubled its pipeline system to almost 9,000 miles and experienced a 30 percent increase in the consumer price index.

SELECTED FINANCIAL INFORMATION

The selected financial information of the Company set forth below should be read in conjunction with the financial statements and other financial information contained in the documents incorporated by reference herein.

	Years Ended December 31,		
	2001	2000	1999
	(In millions)		
Income Statement Data:			
Operating revenues	$ 1,764.7	$ 1,667.4	$ 1,458.8
Operating expenses	1,425.5	1,326.8	1,143.7
Taxes – Federal and state income	97.7	95.8	81.7
Operating income	241.5	244.8	233.4
Other income (deductions), net	10.7	1.6	(11.1)
Interest charges	75.1	80.1	77.4
Net income applicable to common stock	$ 177.1	$ 166.3	$ 144.9

	Twelve Months Ended March 31, 2002	2001
	(In millions)	
Income Statement Data:		
Operating revenues	$ 1,725.8	$ 1,759.2
Operating expenses	1,386.1	1,411.5
Taxes – Federal and state income	99.0	97.5
Operating income	240.7	250.2
Other income (deductions), net	13.0	3.6
Interest charges	71.8	83.6
Net income applicable to common stock	$ 181.9	$ 170.2

	As of March 31, 2002	2001
	(In millions)	
Balance Sheet Data:		
Capitalization:		
Common stock equity	$ 1,821.5	$ 1,622.4
Long-term debt	880.0	880.9
Total capitalization	$ 2,701.5	$ 2,503.3
Current maturities of long-term debt	$ 156.1	$ 55.2
Notes payable (CP)	158.9	293.2
Total current maturities & Notes payable	$ 315.0	$ 348.4

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "1934 Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information can be inspected and copied at the Public Reference Room maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the Public Reference Room. The Company's filings with the Commission are also available to the public on the Commission's web site at http://www.sec.gov.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company hereby incorporates by reference herein its most recently filed reports with the Securities and Exchange Commission pursuant to the 1934 Act on Form 10-K and 10-Q (and if applicable any reports filed since the most recently filed report on Form 10-Q). These reports currently consist of the following:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

2. Quarterly Report on Form 10-Q for the period ended March 31, 2002.

All documents hereafter filed by the Company pursuant to Section 13, 14 or 15(d) of the 1934 Act prior to the termination of the offering made by the Official Statement shall also be deemed to be incorporated by reference in this Appendix and to be a part hereof from the respective dates of filing of such documents.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Official Statement has been delivered, at the written request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Appendix by reference, other than exhibits to such documents. Written requests for such copies should be directed to Director of Investor Relations, Tampa Electric Company, P.O. Box 111, Tampa, Florida 33601.

The financial and other data contained in this Appendix is furnished solely to provide limited information regarding the Company and does not purport to be comprehensive. Such data is qualified in its entirety by reference to be detailed information and financial statements appeasing in the documents incorporated herein by reference and, therefore, should be read together therewith.

INDEPENDENT ACCOUNTANTS

The financial statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 2001, incorporated herein by reference, have been audited by PricewaterhouseCoopers LLP, independent accountants as set forth in their report dated January 11, 2002, which report is included therein.

APPENDIX B

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APPENDIX B

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Tampa Electric Company (the "Company") and The Bank of New York (the "Trustee") in connection with the reoffering of $[51,605,000][54,200,000][20,000,000] Hillsborough County Industrial Development Authority (Florida) [Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990] [Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992] [Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993] (the "Bonds"). The Bonds were originally issued and the proceeds thereof loaned to the Company pursuant to a Loan and Trust Agreement dated as of [September 24, 1990] [October 26, 1992] [June 23, 1993] (the "Agreement") among the Hillsborough County Industrial Development Authority (the "Authority"), the Company and the Trustee. The Company and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Company and the Trustee for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule. The Company and the Trustee acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Owner of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Company pursuant to, and as described in, Section 3 of this Disclosure Agreement.

"Dissemination Agent" shall mean the Company, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Company and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"National Repository" shall mean any nationally recognized municipal securities information repository for purposes of the Rule. The current National Repositories are listed on Exhibit A attached hereto.

"Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

"Participating Underwriter" shall mean any underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"State Repository" shall mean any public or private repository or entity designated by the State of Florida as a state information repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Company shall, or shall cause the Dissemination Agent to, not later than May 31 of each year, commencing May 31, 2003, provide to each Repository a copy of the Company's Annual Report on Form 10-K for each fiscal year filed with the SEC (or any successor form adopted by the SEC) containing audited financial statements of the Company (or attaching thereto the annual report to shareholders if such information is incorporated by reference in such Form 10-K from such annual report). In the event that the Company no longer files such reports with the SEC under the Securities Exchange Act of 1934, as amended, it will deliver to each Repository within the time set forth in this paragraph, a copy of its audited financial statements, prepared in accordance with generally accepted accounting principles and operating data (within the meaning of the Rule), of the type incorporated by reference in the Official Statement dated [September 27, 1990] [October 26, 1992] [June 21, 1993], as amended, with respect to the Bonds. The deliveries described in this paragraph may be accomplished by delivery of an instrument incorporating by reference material on file with the SEC. Not later than fifteen (15) business days prior to said date, the Company shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Company may be submitted, when available, separately from the balance of the Annual Report. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and the Company shall provide the audited financial statements as soon as practicable after the audited financial statements become available.

(b) If by fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Company, the Authority and the Dissemination Agent and notify them that the Trustee has not received the Annual Report.

(c) If an Annual Report has not been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any (insofar as determinations regarding National Repositories are concerned, the Dissemination Agent or the Company, as applicable, may rely conclusively on the list of National Repositories maintained by the SEC) ; and

(ii) file a report with the Company, the Authority and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Reporting of Material Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, to the extent known by the Company as applicable:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.

(vii) Modifications to rights of the security holders.

(viii) Bond calls.

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the securities.

(xi) Rating changes.

(b) Whenever the Company obtains knowledge of the occurrence of a Listed Event, if such Listed Event is material under applicable federal securities laws, the Company shall promptly report the occurrence pursuant to subsection (d).

(c) If such Listed Event is not material the Company shall not report the occurrence pursuant to subsection (d).

(d) If the Company has concluded that it must report the occurrence of a Listed Event to comply with the Rule, the Company shall, or shall cause the Dissemination Agent to, file a notice of such occurrence with the Repositories, the Trustee and the Authority.

SECTION 5. Termination of Reporting Obligation. The Company's obligations under this Disclosure Agreement shall terminate upon the defeasance in accordance with the terms of the Agreement, prior redemption or payment in full of all of the Bonds or upon delivery to the Trustee of an opinion of counsel expert in federal securities laws selected by the Company and acceptable to the Trustee to the effect that compliance with this Disclosure Agreement no longer is required by the Rule. If the Company's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Company and the original Company shall have no further responsibility hereunder.

SECTION 6. Dissemination Agent. The Company may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Company shall be the Dissemination Agent.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Company and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Company) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel, which may include bond counsel to the Authority, expert in federal securities laws acceptable to both the Company and the Trustee to the effect that such amendment or waiver would not, in and of itself, violate the Rule. Without limiting the foregoing, the Company and the Trustee may amend this Disclosure Agreement if (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Company or of the type of business conducted by the Company, (b) this Disclosure Agreement, as so amended, would have complied with the requirements of the Rule at the time the Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) (i) the Trustee receives an opinion of counsel, which may include bond counsel to the Authority, expert in federal securities laws and acceptable to the Trustee to the effect that, the amendment does not materially impair the interests of the Owners of Bonds or (ii) the amendment is consented to by the Owners of Bonds as though it were an amendment to the Agreement pursuant to Section 1102 of the Agreement. The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment or waiver and the impact of the

change in the type of operating data or financial information being provided. Neither the Trustee nor the Dissemination Agent shall be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its respective rights or immunities or increases its respective duties hereunder.

If the amendment pertains to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Company to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to each Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Company chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Company shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Company or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of Owners of Bonds representing at least 25% in aggregate principal amount of Outstanding Bonds, shall), take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. Without regard to the foregoing, any Owner of Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Agreement or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Company or the Trustee to comply with this Disclosure Agreement shall be an action for specific performance of the defaulting party's obligations hereunder and not for money damages in any amount.

SECTION 10. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Agreement. The Dissemination Agent (if other than the Company) shall have only such duties as are specifically set forth in this Disclosure Agreement. The Company agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Company under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Company covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement.

SECTION 11. Obligations of Trustee. The Company and the Trustee hereby agree that the Trustee has no obligations hereunder to provide the Annual Report or any other information or any notices of the occurrence of Listed Events, regardless of whether the Trustee has actual knowledge thereof, to any person listed herein or otherwise; provided however, that the foregoing shall not limit in any respect the obligations of the Trustee under Section 3(b) hereof. The Trustee is a party hereto in order to allow the Trustee to enforce the Company's duties herein for the benefit of the Owners of the Bonds.

SECTION 12. Disclaimer. No Annual Report or notice of a Listed Event filed by or on behalf of the Company under this Disclosure Agreement shall obligate the Company to file any information regarding matters other than those specifically described in Section 4 hereof, nor shall any such filing constitute a representation by the

Company or raise any inference that no other material events have occurred with respect to the Company or the Bonds or that all material information regarding the Company or the Bonds has been disclosed. The Company shall have no obligation under this Disclosure Agreement to update information provided pursuant to this Disclosure Agreement except as specifically stated herein.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Company, the Trustee, the Dissemination Agent, and the Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Notices. Unless otherwise expressly provided, all notices to the Authority, the Company, the Trustee, and the Dissemination Agent shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered during a Business Day to such parties at the address specified in Section 1201 of the Agreement or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice.

SECTION 16. Governing Law. This instrument shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have caused this Disclosure Agreement to be duly executed all as of the date hereof.

Date: August , 2002

TAMPA ELECTRIC COMPANY

By:_____
Title:

THE BANK OF NEW YORK, as Trustee

By:_____
Title:

EXHIBIT A
NATIONAL REPOSITORIES

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
Email: NRMSIR@FTID.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: Hillsborough County Industrial Development Authority

Name of Issue: [Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990] [Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992] [Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993]

Date of Original Issuance: [September 27, 1990] [October 27, 1992] [June 21, 1993]

NOTICE IS HEREBY GIVEN that the Company has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated August , 2002 between the Company and the Trustee. The Company anticipates that the Annual Report will be filed by .

Dated:

TAMPA ELECTRIC COMPANY

cc: The Bank of New York, as Trustee

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APPENDIX C

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APPENDIX C

Letterhead of Palmer & Dodge LLP

August , 2002

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, IL 60670-0826

The Bank of New York, as Trustee
c/o The Bank of New York Trust
Company of Florida, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256

JPMorgan Chase Bank, as Paying Agent and Tender Agent
One New York Plaza
New York, New York 10081

Re: Conversion to and Establishment of Fixed Rate Period for:

Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990 (the "1990 Bonds")

Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992 (the "1992 Bonds")

Hillsborough County Industrial Development Authority Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993 (the "1993 Bonds")

Ladies and Gentlemen:

We are rendering this opinion pursuant to Section 7(d)(v) of the Remarketing Agreement dated August 8, 2002, among Tampa Electric Company (the "Company"), Salomon Smith Barney Inc., J.P. Morgan Securities Inc. and Banc One Capital Markets, Inc., in connection with the conversion of the interest rate on the above-described bonds (the "Bonds) of the Hillsborough County Industrial Development Authority (the "Authority") from a Daily Interest Rate to a Long-Term Interest Rate, establishing a Long-Term Interest Rate Period from August 15, 2002 through July 31, 2007 (the "Fixed Rate Period"). The 1990 Bonds were issued pursuant to a Loan and Trust Agreement dated as of September 24, 1990 (the "1990 Agreement") among the Authority, the Company and The Bank of New York, as successor trustee to NCNB National Bank of Florida. The 1992 Bonds were issued pursuant to a Loan and Trust Agreement dated as of October 26, 1992 (the "1992 Agreement") among the Authority, the Company and The Bank of New York, as successor trustee to NationsBank of Florida, N.A. The 1993 Bonds were issued pursuant to a Loan and Trust Agreement dated as of June 23, 1993 (the "1993 Agreement", and together with the 1990 Agreement and the 1992 Agreement, the "Agreements") among the Authority, the Company and The Bank of New York, as successor trustee to NationsBank of Florida,

N.A. Capitalized terms not defined herein have the meanings given to them in the Agreements. We have examined such documents and made such other investigation as we have deemed appropriate to render this opinion.

Based on the foregoing, we are of opinion that the conversion to and establishment of the Fixed Rate Period will not affect the exclusion of interest on the Bonds from the gross income of the owners of the Bonds for federal income tax purposes.

This opinion is furnished to you in connection with the transaction described above and may not be relied on without our prior written consent for any other purpose or by anyone else.

Yours faithfully,

APPENDIX D

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NEW ISSUE

In the opinion of Bond Counsel, under existing law as of the date of this Official Statement and assuming continued compliance with the applicable requirements of the Internal Revenue Code after the issuance of the Bonds and the satisfaction of the other conditions described under the caption "Tax Exemption", interest on the Bonds will be excluded from gross income for federal income tax purposes, except for interest on any Bond during any period while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the Internal Revenue Code. Interest on the Bonds is not treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, but interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. Under Florida Statutes §159.31, as in effect on the date of this Official Statement, the Bonds, their transfer and the income therefrom will be free from taxation in the State of Florida, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations. Issuance of the Bonds is subject to the receipt of a favorable tax opinion of Bond Counsel. See "Tax Exemption" herein.

$51,605,000
HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project)
Series 1990

Dated: September 27, 1990 **Due: September 1, 2025**

Price: 100% plus interest from September 27, 1990

The Bonds will be limited obligations of the Authority and are payable solely from the payments to be made under a Loan and Trust Agreement by

TAMPA ELECTRIC COMPANY

The Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Long-Term Interest Rate or a Short-Term Interest Rate, at the applicable rate therefor described herein. The initial Interest Rate will be a Daily Interest Rate.

The Bonds will be issuable as fully registered Bonds without coupons during any Short-Term Interest Rate Period in the denomination of multiples of $5,000 with a minimum denomination of $100,000; during any Daily Interest Rate Period or Weekly Interest Rate Period in the denomination of $100,000 and multiples thereof, except that no more than one Bond may be in the denomination of $105,000 or in a denomination equal to the sum of $105,000 plus any multiple of $100,000; and during any Long-Term Interest Rate Period in the denomination of $5,000 and multiples thereof. Principal of and premium, if any, on the Bonds will be payable at the principal corporate trust office of NCNB National Bank of Florida, Tampa, Florida, the Trustee for the Bonds or The Chase Manhattan Bank, N.A., New York, New York, the Paying Agent, Tender Agent and Registrar for the Bonds.

The Bonds are subject to purchase at the option of the Bondholders and, under certain circumstances, are subject to mandatory purchase, as is more fully described herein. The Bonds are also subject to mandatory and optional redemption by Tampa Electric Company as described herein. The right of Bondholders to retain Bonds subject to mandatory purchase or, under certain circumstances, redemption, is more fully described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE BONDS WILL NOT CONSTITUTE A DEBT OF THE AUTHORITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF UNDER ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER AND SHALL NEVER CONSTITUTE A CHARGE OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF SUCH ENTITIES. THE AUTHORITY HAS NO TAXING POWER.

The Bonds are offered when, as and if issued by the Authority, subject to the approving opinion of Palmer & Dodge, Boston, Massachusetts, as Bond Counsel, and certain other conditions. Delivery of the Bonds is anticipated on or about September 27, 1990 in New York, New York.

Kidder, Peabody & Co.
Incorporated

Dated: September 27,1990

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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 Official Statement in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Company or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities offered hereby, or any such offer or solicitation of such offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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APPENDIX A -- Tampa Electric Company A-1
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SUMMARY OF TERMS

The following information is qualified in its entirety by the detailed information set forth elsewhere in this Official Statement.

Securities Offered	$51,605,000 Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990.
Issuer	Hillsborough County Industrial Development Authority (Florida).
Company	Tampa Electric Company.
Trustee	NCNB National Bank of Florida.
Paying Agent, Tender Agent and Registrar . . .	The Chase Manhattan Bank, N.A.
Remarketing Agent and Indexing Agent	Kidder, Peabody & Co. Incorporated.
Anticipated Delivery Date	September 27, 1990 in New York City.
Maturity	September 1, 2025.
Interest	The Bonds will bear interest initially at the Daily Interest Rate, payable on each Interest Payment Date as described herein. The Interest Rate Period may from time to time be adjusted as described herein.
Security	Secured solely by an assignment and pledge of certain rights of the Authority under a Loan and Trust Agreement including its right to amounts payable by the Company on the dates and in the amounts and manner necessary to pay principal of and premium, if any, and interest on all Bonds and a Subordinate Security Interest in the Project.
Bondholders' Right to Demand Purchase	Owners of Bonds shall have the right to have their Bonds purchased (i) by the Tender Agent or the Remarketing Agent on any Business Day during any Daily Interest Rate Period, (ii) by the Tender Agent on any Business Day upon at least seven (7) days' notice during any Weekly Interest Rate Period, and (iii) by the Tender Agent on the day next succeeding the last day of each Long-Term Interest Rate Period, upon the giving of required notice and ceratin other conditions as described herein. See "THE BONDS--Purchase of Bonds".
Mandatory Purchase . . .	The Bonds are subject to mandatory purchase by Tampa Electric Company on the day next succeeding the last day of each Short-Term Segment within a Short-Term Interest Rate Period as described herein. See "THE BONDS--Purchase of Bonds".
Mandatory Redemption . .	The Bonds are subject to mandatory redemption by the Authority or, in certain cases, purchase by the Company in lieu of redemption (i) on the first day of certain Interest Rate Periods when certain adjustments occur in the type or duration of Interest Rate Periods, (ii) upon certain dates if the Authorized Denominations of the Bonds are altered, and (iii) under certain other

circumstances as provided in the Loan and Trust Agreement. Owners of Bonds may elect to retain such Bonds if the Bonds are subject to redemption or repurchase due to events described in clause (i) above. See "THE BONDS–Redemption of Bonds".

Optional Redemption . . . The Bonds are subject to optional redemption by the Authority at par (i) on any Business Day during any Daily Interest Rate Period or Weekly Interest Rate Period, and on the day next succeeding the last day of such Interest Rate Period, (ii) on the day next succeeding the last day of any Long-Term Interest Rate Period, and (iii) on the day next succeeding the last day of any Short-Term Interest Rate Period. During certain Long-Term Interest Rate Periods, the Bonds are subject to redemption by the Authority as described herein. See "THE BONDS–Redemption of Bonds".

Extraordinary Optional Redemption . . . . . The Bonds are subject to redemption by the Authority at par plus accrued interest, if in the Company's opinion continued operation of the Units is for specified reasons impracticable, uneconomical or undesirable; if all or substantially all of the Units have been condemned or taken by eminent domain; or if an injunction prevents the normal operation of the Units for at least six months.

Special Mandatory Redemption . . . . . The Bonds are subject to mandatory redemption by the Authority at par plus accrued interest if, as a result of the failure of the Company to observe any covenant, agreement or representation in the Loan and Trust Agreement, there is a final determination that interest on the Bonds is not exempt from federal income taxes to any holder with certain exceptions.

Notice Provisions Prior to Redemption . . . . . Notice of redemption shall be given by the Trustee by mail at least 15 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed.

OFFICIAL STATEMENT

$51,605,000

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
POLLUTION CONTROL REVENUE REFUNDING BONDS
(Tampa Electric Company Project)
Series 1990

INTRODUCTORY STATEMENT

This Official Statement of the Hillsborough County Industrial Development Authority (the "Authority"), a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida, sets forth certain information concerning the sale of $51,605,000 aggregate principal amount of the Authority's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990 (the "Bonds"), to be dated as of the date stated on the cover page and to mature on September 1, 2025 (the "Maturity Date"), subject to prior redemption by the Authority or repurchase by Tampa Electric Company, a Florida corporation (the "Company") as hereinafter described.

The Authority has heretofore issued $30,000,000 aggregate principal amount of its Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1974-A, of which $18,000,000 aggregate principal amount remains outstanding (the "1974-A Bonds"), $14,000,000 aggregate principal amount of its Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1974-B, of which all remain outstanding (the "1974-B Bonds", and collectively with the 1974-A Bonds, the "Series 1974 Bonds") and $20,665,000 aggregate principal amount of its Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1985, of which $19,605,000 aggregate principal amount remains outstanding (the "Series 1985 Bonds"), to finance a portion of the cost of the acquisition, construction and installation of certain pollution control facilities (the "Project") at Units 5 and 6 of the F. J. Gannon Station and at Units 1, 2, 3 and 4 of the Big Bend Station (collectively, the "Units") in Hillsborough County, Florida of the Company. The Series 1974 Bonds were issued under a Trust Indenture dated as of March 1, 1972, as supplemented and amended by a First Supplemental Trust Indenture dated as of November 1, 1974 and a Second Supplemental Trust Indenture dated as of December 1, 1974 among the Authority, New England Merchants National Bank, as trustee, and The Florida National Bank at Lakeland, as co-trustee. The Series 1985 Bonds were issued under a Trust Indenture dated as of December 2, 1985 between the Authority and NCNB National Bank of Florida, as trustee. Additional Bonds were issued pursuant to separate indentures for the purpose of financing a portion of the costs of the Project.

The Bonds will be issued under and pursuant to a Loan and Trust Agreement, dated as of September 24, 1990 (the "Agreement"), among the Authority, the Company and NCNB National Bank of Florida, as trustee (the "Trustee"). Pursuant to the Agreement, the proceeds of the Bonds will be loaned to the Company for the purpose of redeeming all of the outstanding Series 1974 Bonds and Series 1985 Bonds. Repayment of the principal of the loan and interest thereon to be made by the Company under the Agreement is payable in installments (the "Revenues") due on the dates, in the amounts and in the manner necessary for the Authority to cause payment to be made to the holders of the Bonds of the principal of and premium, if any, and interest on the Bonds when and as the same shall become due, and will be assigned to the Trustee for such purpose pursuant to the Agreement.

The Bonds may bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate as hereinafter described. All Bonds will initially bear interest at a Daily Interest Rate, unless the Company designates on the date of initial authorization and delivery that the Bonds are to bear interest at one of the other rates. The Bonds are subject to conversion to an alternate method for establishing the interest rate at the option of the Company. See "THE BONDS".

The Bonds are subject to mandatory and optional redemption by the Authority. See "THE BONDS – Redemption of Bonds."

The Bonds are limited obligations of the Authority, secured solely by a pledge and assignment by the Authority to the Trustee of certain of the Authority's rights under the Agreement, including its right to the Revenues and the Subordinate Security Interest (hereinafter described).

The Bonds will not be deemed to constitute a debt, liability or obligation of any authority or county, or the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Hillsborough County, Florida. The Authority has no taxing power.

There follow in this Official Statement brief descriptions of the Authority, the Project, the Bonds and summaries of certain provisions of the Agreement as well as other matters. The descriptions and summaries herein do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Terms not defined herein shall have the meanings set forth in the respective documents, copies of which may be obtained from the Underwriter whose name appears on the cover page hereof. Information concerning the Company is included in Appendix A attached hereto.

THE AUTHORITY

The Authority is a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida. The Authority is authorized by Parts II and III of Chapter 159, Florida Statutes (the "Act") to issue the Bonds to refinance a portion of the cost of the acquisition, construction and installation of the Project and to secure the Bonds as herein described.

THE PROJECT

The proceeds of the Bonds will be used to refinance a portion of the cost of certain pollution control facilities as described below. All of the pollution control equipment at Big Bend Station and F.J. Gannon Station was put into service by the end of 1985.

Big Bend Station

Big Bend Station is a coal-fired electric generating facility located on Tampa Bay, near the City of Tampa, in Hillsborough County, Florida. The Project facilities financed in part by the Series 1974 Bonds and the Series 1985 Bonds included electrostatic precipitators, flyash handling and storage silos, flyash ponds and piping systems, bottom ash hoppers, bottom ash settling ponds, storage ponds and piping systems, a flue gas desulfurization system, a liquid-waste treatment system, fine-mesh screens, sanitary waste systems, dust suppression equipment and modifications to the coal pile runoff collection system.

F. J. Gannon Station

Some of the proceeds of the Series 1974 Bonds were used to finance a portion of the cost of certain pollution control facilities at the Company's F.J. Gannon Station. F. J. Gannon Station is a coal-fired electric generating facility located on Tampa Bay, near the City of Tampa, in Hillsborough County, Florida. The Project facilities financed in part by the Series 1974 Bonds included electrostatic precipitators, flyash handling, silo and disposal systems, bottom ash handling systems, dewatering bins, waste water systems, electrical equipment and the modification and enlargement of saltwater treatment ponds, dust suppression equipment and modifications to the coal pile runoff system.

Certification

The Florida Department of Environmental Regulation has certified that the air and water pollution control facilities installed at the Units were in furtherance of the purpose of controlling atmospheric pollutants or contaminants or abating or controlling water pollution, as the case may be.

Use of Proceeds

The Authority expects to deposit the aggregate proceeds, excluding accrued interest, received upon the sale of the Bonds in a special fund which will be used exclusively to pay on December 24, 1990, the principal portion of the redemption price of all Series 1974 Bonds and Series 1985 Bonds outstanding as of that date.

THE BONDS

Description of the Bonds

The Bonds will be issued in the aggregate principal amount of $51,605,000, will be dated as of the date specified on the cover page of this Official Statement, except as otherwise provided in the Agreement, will mature on the date specified on the cover page of this Official Statement, will be issued in Authorized Denominations and bear interest as described herein under "THE BONDS -- Determination of Interest Rate Periods and Interest Rates" and are being initially offered at the price set forth on the cover page of this Official Statement. The principal of and premium, if any, on the Bonds shall be payable at the principal corporate trust office of The Chase Manhattan Bank, N.A., New York, as paying agent (the "Paying Agent"). Interest on the Bonds shall be paid by check or draft mailed on the Interest Payment Date to the registered owner thereof as of the Record Date for such Interest Payment Date, at the address shown on the registration books of the Authority kept by The Chase Manhattan Bank, N.A., as bond registrar (the "Registrar") as of the close of business on the applicable record date, or, except for interest in respect of a Long-Term Interest Rate Period, interest shall be paid by wire transfer to the accounts with commercial banks located within the United States of America of those Bondholders which shall have provided wire transfer instructions to the Paying Agent before the close of business on such Record Date, but, in the case of interest payable in respect of a Short-Term Segment, only upon presentation of such Bond for exchange or transfer in accordance with the provisions of the Agreement.

Bonds may be exchanged for fully registered Bonds of any authorized denomination at the principal corporate trust office of the Registrar. The Authority or the Registrar may make a charge for every such exchange or for any registration of transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer, and such charge shall be paid before any such new Bond shall be delivered.

If any Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and deliver a replacement Bond. The Authority and the Trustee may require satisfactory proof and indemnification and payment of all legal, printing and other expenses and any governmental charges in connection with replacing any Bond.

Security for the Bonds

The Bonds will be limited obligations of the Authority payable solely from the Revenues to be paid by the Company pursuant to the Agreement. In the Agreement, the Company has agreed to make payments on the dates, in the amounts and in the manner necessary to pay the principal of and premium, if any, and interest on the Bonds when and as the same shall become due. The Company has also granted to the Authority a subordinated security interest (the "Subordinated Security Interest") in the Project to secure the Company's obligations relating to the Bonds, which Subordinated Security Interest is subordinate to the lien of the Company's First Mortgage Bonds and to any future security interest or lien securing obligations of the Company under any indenture or other instrument which expressly provides that such security interest or lien shall be superior to the Subordinated Security Interest. See "THE LOAN AND TRUST AGREEMENT -- Creation of Subordinated Security Interest." The Authority has

pledged and assigned to the Trustee, as security for the payment of the principal of and premium, if any, and interest on the Bonds, its rights under the Agreement, including its rights to the Revenues and the Subordinated Security Interest, except its rights to payment of certain costs and expenses and to indemnification.

Although the Company has not elected to do so, it may in the future elect to provide credit enhancement for the Bonds which may include a letter of credit or insurance or the issuance of a series of First Mortgage Bonds (the "First Mortgage Bonds") under its Indenture of Mortgage, dated as of August 1, 1946 (the "First Mortgage"), in such amounts and maturities and bearing such rates of interest as shall coincide with the principal and interest becoming due on the Bonds, all as further described in "THE LOAN AND TRUST AGREEMENT - Pledge of First Mortgage Bonds."

The Bonds, together with interest and premium, if any, thereon, will not be deemed to constitute a debt, liability or obligation of any authority or county of the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Hillsborough County. Neither any authority or county nor the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Hillsborough County, Florida, is obligated to pay the principal of the Bonds or the interest or premium, if any, thereon, except from the Revenues, and neither the general faith and credit nor the taxing power of any authority or county of the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Hillsborough County, is pledged for the payment of the principal of, premium, if any, or interest on the Bonds.

NCNB National Bank of Florida is the Trustee under the Agreement. Its principal corporate trust office is located at 400 North Ashley Drive, Tampa, Florida 33602. The Chase Manhattan Bank, N.A., has been appointed Tender Agent and Registrar by the Company under the Agreement and is also Paying Agent. Its principal corporate trust office is One Chase Manhattan Plaza, New York, New York 10005. One or more co-paying agents may be appointed, and the Paying Agent, any co-paying agent, the Tender Agent and the Registrar may be removed or replaced by the Company.

Kidder, Peabody & Co. Incorporated has been appointed Remarketing Agent and Indexing Agent by the Company under the Agreement. The principal office of the Remarketing Agent and Indexing Agent is located at 10 Hanover Square, New York, New York 10005. The Remarketing Agent and the Indexing Agent may be removed or replaced by the Company.

Determination of Interest Rate Periods and Interest Rates

The following are definitions of certain terms used in the Agreement and used in this Official Statement:

"Alternate Long-Term Interest Rate Index" means 60% of the average annual yield shown for United States Treasury Notes or Bonds having the same number of 30-day periods to maturity as the number of such periods in the applicable Long-Term Interest Rate Period, as published in the "Federal Reserve Bulletin" (published by the Board of Governors of the Federal Reserve System in Washington, D.C.) most recently published prior to the date of determination of the Alternate Long-Term Interest Rate Index as computed by the Indexing Agent; provided, however, that, if the most recently published "Federal Reserve Bulletin" does not publish a yield for United States Treasury Notes or Bonds having the number of 30-day periods to maturity described above, the Alternate Long-Term Interest Rate Index shall mean 60% of the assumed yield for United States Treasury Notes or Bonds having the same number of 30-day periods to maturity as the number of 30-day periods in the applicable Long-Term Interest Rate Period, determined by linear interpolation based on the yield for United States Treasury Notes or Bonds having the next shorter number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period and the yield for United States Treasury Notes or Bonds having the next longer number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period, as published in such "Federal Reserve Bulletin," as computed by the Indexing Agent.

"Authorized Denominations" means with respect to any Long-Term Interest Rate Period, $5,000 or any multiple thereof; with respect to any Daily Interest Rate Period or Weekly Interest Rate Period, $100,000 or any multiple thereof, except that no more than one Bond may be in the denomination of $105,000 or a denomination

equal to the sum of $105,000 plus any multiple of $100,000; and, with respect to any Short-Term Interest Rate Period, $100,000 or any multiple of $5,000 in excess of $100,000.

"Authorized Officer" means: (i) in the case of the Authority, the Chairman, Vice Chairman, Secretary or Assistant Secretary and when used with reference to an act or document of the Authority also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Company, the President, any Vice President, Treasurer or any Assistant Treasurer and when used with reference to an act or document of the Company, also means any other person or persons authorized to perform the act or execute the document.

"Base Rate" means the index computed each week on Tuesday, or on the next preceding Business Day if any such Tuesday is not a Business Day, by the Indexing Agent, consisting of (A) the arithmetical average of (i) a composite of the rates on 30-day tax-exempt commercial paper and six-month tax-exempt notes, (ii) 53% of the highest published base rate for commercial loans made by large U.S. money center commercial banks, as most recently published in The Wall Street Journal or a successor publication selected by the Company and providing similar information, (iii) 53% of the bond equivalent yield of six-month Treasury bills, and (iv) 53% of the interest rate on 30-day commercial paper rated by either Moody's or S&P in their highest short-term rating category, or (B) such other components as such Indexing Agent shall select which shall be readily ascertainable and shall be designed to produce a comparable Base Rate.

"Business Day" means a day on which banks in each of the cities in which the principal offices of the Trustee, the Paying Agent, and, if applicable, the Remarketing Agent are located, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Daily Interest Rate Period" means each period during which Bonds bear interest at Daily Interest Rates.

"Debt Service Fund" means the fund established and so designated by the Agreement.

"Delivery Date" means, with respect to a Bond tendered for purchase at the election of the Bondholder, the Purchase Date or any subsequent Business Day on which such Bond is delivered to the Paying Agent.

"Interest Payment Date" means (i) with respect to any Daily Interest Rate Period, the first Business Day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month, or if such Wednesday shall not be a Business Day, the next succeeding Business Day, (iii) with respect to any Long-Term Interest Rate Period, the first day of the sixth calendar month following the effective date of such Long-Term Interest Rate Period, and the first day of each successive sixth calendar month, if any, of such Long-Term Interest Rate Period, (iv) with respect to any Short-Term Segment, the Business Day next succeeding the last day thereof and (v) with respect to each Interest Rate Period, in addition to the dates described above the day next succeeding the last day of each Interest Rate Period.

"Interest Rate Period" means any Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period.

"Long-Term Interest Rate Index" means an assumed yield computed by the Indexing Agent for representative general obligation securities rated comparably to the Bonds and having the same number of 30-day periods to maturity as the number of such periods in the applicable Long-Term Interest Rate Period (determined by linear interpolation based on the yield for such securities having the next shorter number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period and the yield for such securities having the next longer number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period), as most recently published before the date of determination thereof by such Indexing Agent.

"Long-Term Interest Rate Period" means each period during which a Long-Term Interest Rate is in effect.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated

or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Record Date" means with respect to any Interest Payment Date in respect of a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Segment, the Business Day next preceding such Interest Payment Date and, with respect to any Interest Payment Date in respect of a Long-Term Interest Rate Period, the fifteenth day next preceding such Interest Payment Date.

"S&P" means Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Short-Term Base Rate" shall mean with respect to any Short-Term Segment, the percentage per annum equal to the 30-day (if such Short-Term Segment is from 1 to 30 days in length), the 60-day (if such Short-Term Segment is from 31 to 60 days in length), the 90-day (if such Short-Term Segment is from 61 to 180 days in length), or the 270-day (if such Short-Term Segment is from 181 to 270 days in length), tax-exempt commercial paper rate most recently published, prior to the time of the determination of the Short-Term Interest Rate with respect to such Short-Term Segment, by Munifacts Wire System, Inc. or such other publisher as the Indexing Agent may select, or if such rate shall no longer be published, as determined by the Indexing Agent on the date of the determination of such Short-Term Interest Rate. Such tax-exempt commercial paper rate shall represent the average of 30-day, 60-day, 90-day or 270-day, as the case may be, yield evaluations at par of securities, the interest on which is exempt from federal income taxation, of issuers of commercial paper which are rated by Moody's or S&P in its highest commercial paper rating category.

"Short-Term Interest Rate Period" means each period, comprised of one or more Short-Term Segments, during which Bonds bear interest at Short-Term Interest Rates.

"Short-Term Segment" means a period from one to 270 days within a Short-Term Interest Rate period during which a Short-Term Interest Rate is in effect.

"Treasury Rate" means the interest rate applicable to 13-week United States Treasury bills determined by the Indexing Agent on the basis of the average per annum discount rate at which such 13-week Treasury bills shall have been sold at the most recent Treasury auction.

"Weekly Interest Rate Period" means each period during which Bonds bear interest at Weekly Interest Rates.

The term of the Bonds will be divided into consecutive Interest Rate Periods during each of which the Bonds will bear interest as described below.

Short-Term Interest Rate Period

Short-Term Segments and Short-Term Interest Rates. During each Short-Term Interest Rate Period, each Bond will bear interest during each Short-Term Segment for such Bond at the Short-Term Interest Rate. The Short-Term Segment and Short-Term Interest Rate for each Bond will be determined by the Remarketing Agent on the first day of each Short-Term Segment or on a Business Day selected by the Remarketing Agent not more than five Business Days prior to the first day of such Short-Term Segment, provided however, that no Short-Term Segment (other than for a Bond purchased on behalf of the Company and remaining unsold in the hands of the Remarketing Agent as of the close of business on the effective date of such Short-Term Segment) will be for a period of days less than the minimum number or greater than the maximum number of days announced no later than 2:00 p.m., New York time, on the Business Day immediately preceding the first day of any Short-Term Segment by the Remarketing Agent as possible Short-Term Segments. Each Short-Term Segment will be a period of not less than such minimum number nor greater than such maximum number of days so announced and not more than 270 days,

determined by the Remarketing Agent to be the period which, together with all other Short-Term Segments for all Bonds then outstanding, will result in the lowest overall interest expense on the Bonds over the next succeeding 270 days; provided, however, that any such Bond purchased on behalf of the Company and remaining unsold in the hands of the Remarketing Agent as of the close of business on the effective date of the Short-Term Segment for such Bond will have a Short-Term Segment of one day or, if such Short-Term Segment would not end on a day immediately preceding a Business Day, a Short-Term Segment of more than one day ending on the day immediately preceding the next Business Day; provided further, however, that (x) each Short-Term Segment shall end on a day which immediately precedes a Business Day or on the day prior to the Maturity Date, and (y) if for any reason a Short-Term Segment for any Bond so determined shall be held to be invalid or unenforceable by a court of law, or if the Remarketing Agent fails to determine a Short-Term Segment, (1) such Short-Term Segment will have the same number of days as the immediately preceding Short-Term Segment for such Bond, (2) if there should be no such immediately preceding Short-Term Segment, the Short-Term Segment shall be 30 days, (3) if the last day determined in accordance with clause (1) or (2) above shall not be a day immediately preceding a Business Day, the Short-Term Segment shall end on the first day immediately preceding the Business Day next succeeding such last day, or (4) if such last day would be after the day prior to the Maturity Date, the Short-Term Segment shall end on the day prior to the Maturity Date.

In determining the number of days in each Short-Term Segment, the Remarketing Agent will take into account the following factors: (I) existing and expected short-term taxable and tax-exempt market rates and indices of such short-term rates, (II) existing and expected market supply and demand for short-term taxable and tax-exempt securities in both the new issue and secondary markets, (III) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the Bonds, (IV) general economic and financial conditions, (V) industry, economic and financial conditions that may affect or be relevant to the Bonds, (VI) estimated transaction costs and administrative costs, (VII) the general desirability of diversified Short-Term Segments so as to minimize the risk of unforeseen temporary shifts in interest rates and (VIII) such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

The Short-Term Interest Rate for each Short-Term Segment for each Bond will be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the rate which, if borne by such Bond on such date of determination, would enable the Remarketing Agent to sell such Bond on the day on which such determination is made at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that (x) if for any reason a Short-Term Interest Rate so determined for any Short-Term Segment shall be held to be invalid or unenforceable by a court of law, the Short-Term Interest Rate for such Short-Term Segment will be the lesser of (I) the rate (not less than 80% of the Short-Term Base Rate) determined by the Remarketing Agent to be the minimum rate which, if borne by such Bond, would enable the Remarketing Agent to sell such Bond on such date at a price (without regard to accrued interest) equal to the principal amount thereof and (II) 120% of the Short-Term Base Rate, as determined by the Remarketing Agent, (y) if for any reason, the Short-Term Interest Rate for any Short-Term Segment cannot be determined as hereinabove provided, the Short-Term Interest Rate for such Short-Term Segment will be a percentage per annum, determined by the Remarketing Agent on the basis of the table set forth below, equal to the applicable percentage of the interest rate for taxable commercial paper (prime paper placed through dealers) of the applicable term most recently announced by the Federal Reserve Bank of New York at the time of such determination (where t = the maximum marginal corporate tax rate of federal income taxation):

Term of the Next Short-Term Segment	Applicable Term of Taxable Commercial Paper	Applicable Percentage
1 - 30 days	30 days	(1-t)-0.10(1-t)
31 - 60 days	60 days	(1-t)-0.05(1-t)
61 - 180 days	90 days	(1-t)+0.05(1-t)
181 - 270 days	180 days	(1-t)+0.10(1-t)

and (z) in no event shall any Short-Term Interest Rate be greater than 14% per annum.

Adjustment to Short-Term Interest Rate. The interest rate borne by the Bonds will be adjusted to a Short-Term Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice from the Company, which notice shall specify the effective date of the Short-Term Interest Rate Period which shall be (1) a Business Day not earlier than the 12th day (15th day if the then current Interest Rate Period shall be a Long-Term Interest Rate Period) following the fifth Business Day after the date of receipt by the Paying Agent and Trustee of such notice; (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of such Long-Term Interest Rate Period; provided, however, that, if prior to the Company's giving such notice any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Short-Term Interest Rate Period will not precede such redemption date. Such notice, if given during a Long-Term Interest Rate Period, may also specify the date prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice regarding the election to have their Bonds purchased and (2) such Bonds. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period, each Bond shall bear interest at a Short-Term Interest Rate during each Short-Term Segment for such Bond.

Notice of Adjustment to Short-Term Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Short-Term Interest Rate Period to the owners of the Bonds not less than 12 days (15 days if the then current Interest Rate Period shall be a Long-Term Interest Rate Period) prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (1) that during such Short-Term Interest Rate Period, each Bond will have consecutive Short-Term Segments during each of which such Bond will bear a Short-Term Interest Rate, (2) the effective date of such Short-Term Interest Rate Period, (3) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (4) the procedures of such purchase, (5) that for each Bond, a Short-Term Segment and a Short-Term Interest Rate therefor will be determined not later than the first day of each such Short-Term Segment, (6) how such Short-Term Segments and Short-Term Interest Rates may be obtained from the Remarketing Agent, (7) that interest on each Bond will be paid on the day next succeeding each Short-Term Segment, but only upon presentation of such Bond, (8) that, subsequent to such effective date, each Bond shall be purchased on the day following the last day of each Short-Term Segment with respect thereto unless the owner of such Bond shall elect to retain such Bond, (9) the procedures for making such election, and (10) the redemption provisions that will apply to the Bonds during such Short-Term Interest Rate Period. If such notice is given during a Long-Term Interest Rate Period, such notice shall also state that all or that portion of Bonds not in Authorized Denominations are thereby called for redemption.

Adjustment from Short-Term Interest Rate Period. As a condition precedent to the election during a Short-Term Interest Rate Period to adjust to a different Interest Rate Period, the Company shall select (which selection shall be contained in the Company's notice directing an adjustment to a Daily Interest Rate Period or a Weekly Interest Rate Period, or directing an adjustment to or continuation of a Long-Term Interest Rate Period) one of the following two alternatives:

(1) determine Short-Term Segments of such duration that, as soon as possible, all Short-Term Segments shall end on the same date, not less than the 11th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of the Company's direction effecting such election; or

(2) determine Short-Term Segments that will, in the judgment of the Remarketing Agent, best promote an orderly transition to the next succeeding Interest Rate Period.

If alternative (1) above shall be selected, the date on which all Short-Term Segments so determined shall end shall be the last day of the then current Short-Term Interest Rate Period and the day next succeeding such date shall be the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest ~~Rate Period elected by the Company~~. If alternative ~~(2)~~ shall be selected, beginning not less than the 11th day following the fifth Business Day after the receipt by the Trustee and the Paying Agent of the direction of the Company, the day next succeeding the last day of the then current Short-Term Segment with respect to each Bond shall be, with respect to such Bond, the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. The Remarketing Agent, promptly upon

the determination thereof, shall give written notice of such last day and such effective dates to the Authority, the Company, the Paying Agent and the Trustee.

An adjustment from a Short-Term Interest Rate Period, as described under alternative (2) above, may result in some of the Bonds bearing interest at a Daily Interest Rate, Weekly Interest Rate or Long-Term Interest Rate while other Bonds continue to bear interest at Short-Term Interest Rates. The references in this Official Statement to Short-Term Interest Rate Periods and Short-Term Segments therein, Daily Interest Rates and Periods, Weekly Interest Rates and Periods and Long-Term Interest Rates and Periods refer, during any such transitional period, to those Bonds bearing interest at such Interest Rates.

Daily Interest Rate Period

Daily Interest Rate. During each Daily Interest Rate Period, Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for the Business Day next succeeding such date of determination and may be determined by the Remarketing Agent for any day that is not a Business Day on any such day during which there shall be active trading in tax-exempt obligations comparable to the Bonds for such day.

The Daily Interest Rate shall be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the interest rate which, if borne by the Bonds on such date of determination, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that with respect to any day that is not a Business Day, if the Remarketing Agent shall not have determined a Daily Interest Rate for any such day, the Daily Interest Rate shall be the same as the Daily Interest Rate for the immediately preceding day.

If for any reason a Daily Interest Rate so determined for any day shall be held to be invalid or unenforceable by a court of law, the Daily Interest Rate for such day shall be the lesser of (1) the rate (not less than 80% of the Base Rate) determined by the Remarketing Agent to be the minimum rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal to the principal amount thereof, and (2) 120% of the Base Rate, as determined by the Remarketing Agent. If for any reason the Daily Interest Rate cannot be determined for any day as provided, the Daily Interest Rate for such day shall be a percentage per annum equal to 60% of Treasury Rate. In no event shall the Daily Interest Rate be greater than 14% per annum.

Adjustment to Daily Interest Rate. The interest rate borne by the Bonds shall be adjusted to a Daily Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice from the Company, which notice shall specify the effective date of the adjustment to a Daily Interest Rate which shall be (1) a Business Day not earlier than the 12th day (15th day if the then current Interest Rate Period shall be a Long-Term Interest Rate Period) following the fifth Business Day after the receipt by the Paying Agent and the Trustee of such notice, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then current Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice, if given during a Long-Term Interest Rate Period, may also specify the date or dates prior to such effective date on or prior to which the owners may deliver (1) notice regarding purchase of their Bonds and (2) such Bonds.

Notice of Adjustment to Daily Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Daily Interest Rate Period to the owners of the Bonds not less than 12 days (15 days if the then current Interest Rate Period shall be a Long-Term Interest Rate Period) prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with alternative (2) under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period") of such Daily Interest Rate

Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Daily Interest Rate, (2) the effective date of such Daily Interest Rate Period, (3) the method by which the Daily Interest Rate shall be determined, (4) the Interest Payment Dates after such effective date, (5) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (6) the procedures of such purchase, (7) that, subsequent to such effective date, the owners of Bonds will have the right to require the purchase of Bonds on any Business Day, (8) the procedures of such purchase, and (9) the redemption provisions that will pertain to the Bonds during such Daily Interest Rate Period. If such notice is given during a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, such notice also shall state that all or portions of Bonds not in Authorized Denominations are thereby called for redemption.

Weekly Interest Rate Period

Weekly Interest Rate. During each Weekly Interest Rate Period, the Bonds shall bear interest at the Weekly Interest Rate, determined by the Remarketing Agent no later than 9:30 a.m. on the first day of each new Weekly Interest Rate Period and thereafter no later than 9:30 a.m. on the Business Day next preceding Wednesday of each week during such Weekly Interest Rate Period.

The Weekly Interest Rate shall be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the interest rate which, if borne by the Bonds on the date of such determination, would enable the Remarketing Agent to sell the Bonds on such Business Day at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof. If the Remarketing Agent shall not have determined a Weekly Interest Rate for any period, the Weekly Interest Rate for such period shall be the same as the Weekly Interest Rate for the immediately preceding period. If for any reason a Weekly Interest Rate so determined for any period shall be held to be invalid or unenforceable by a court of law, the Weekly Interest Rate for such period shall be the lesser of (1) the rate (not less than 80% of the Base Rate) determined by the Remarketing Agent to be the rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal to the principal amount thereof and (2) 120% of the Base Rate, as determined by the Remarketing Agent. If for any reason the Weekly Interest Rate cannot be determined for any period as provided, the Weekly Interest Rate for such period shall be a percentage per annum equal to 65% of the Treasury Rate. In no event shall the Weekly Interest Rate be greater than 14% per annum.

The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday; provided, however, if any such Tuesday shall be the day next preceding the first Wednesday of a month which shall not be a Business Day, then the Weekly Interest Rate for such period shall not end on such Tuesday, but shall continue to the day next preceding the first Business Day next succeeding such Wednesday, and the Weekly Interest Rate for the next succeeding period shall apply to the period commencing on such first Business Day and provided, further, if a Weekly Interest Rate Period shall end on a day other than Tuesday, the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day.

Adjustment to Weekly Interest Rate. The Interest Rate borne by the bonds shall be adjusted to a Weekly Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice by the Company, which notice shall specify the effective date of such adjustment to a Weekly Interest Rate Period which shall be (1) a Business Day not earlier than the 12th day (15th day if the then current Interest Rate Period shall be a Long-Term Interest Rate Period) following the fifth Business Day after receipt by the Paying Agent and the Trustee of such notice, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then current Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under "THE BONDS -- Short-Term Interest Rate Period -- Adjustment from Short-Term Interest Rate Period." Such notice, if given during a Long-Term Interest Rate Period, may also specify

a date or dates prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice demanding the purchase of their Bonds and (2) such Bonds.

Notice of Adjustment to Weekly Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Weekly Interest Rate Period to the owners of the Bonds not less than 12 days (15 days if the then current Interest Rate Period shall be a Long-Term interest Rate Period) prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with alternative (2) under "THE BONDS -- Short-Term Interest Rate Period -- Adjustment from Short-Term Interest Rate Period") of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Weekly Interest Rate, (2) the effective date of such Weekly Interest Rate Period, (3) the method by which the Weekly Interest Rate shall be determined, (4) the Interest Payment Dates after such effective date, (5) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (6) the procedures of such purchase, (7) that, subsequent to such effective date, the owners of Bonds will have the right to require the purchase of their bonds on any Business Day upon not less than seven days' notice, (8) the procedures of such purchase, and (9) the redemption provisions that will pertain to the Bonds during such Weekly Interest Rate Period. If such notice is given during a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, such notice also shall state that all or portions of Bonds not in Authorized Denominations are thereby called for redemption.

Long-Term Interest Rate Period

Long-Term Interest Rate. During each Long-Term Interest Rate Period, the Bonds shall bear interest at the Long-Term Interest Rate determined by the Remarketing Agent on a Business Day selected by the Remarketing Agent, not more than 15 days prior to the effective date of such Long-Term Interest Rate Period.

The Long-Term Interest Rate shall be the rate determined by the Remarketing Agent on such date, and filed on such date with the Paying Agent, the Trustee and the Company, by written notice or by telephone promptly confirmed by telecopy or other writing, as being the rate (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) which, if borne by the Bonds on such date, would enable the Remarketing Agent to sell the Bonds on such Business Day at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof.

If for any reason a Long-Term Interest Rate so determined for any period shall be held to be invalid or unenforceable by a court of law, the Long-Term Interest Rate for such period shall be the lesser of (1) the rate (not less than 80% of the Long-Term Interest Rate Index) determined by the Remarketing Agent to be the minimum rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof, and (2) 120% of the Long-Term Interest Rate Index, as determined by the Remarketing Agent. If for any reason, a Long-Term Interest Rate for the Bonds cannot be determined as provided above, the Long-Term Interest Rate for the Bonds shall be a percentage per annum equal to the Long-Term Interest Rate Index or if for any reason such Long-Term Interest Rate Index cannot be determined, the Long-Term Interest Rate for such Long-Term Interest Rate Period shall be a percentage per annum equal to the Alternate Long-Term Interest Rate Index, as determined by the Remarketing Agent. In no event shall the Long-Term Interest Rate be greater than 14% per annum.

Adjustment to or Continuation of Long-Term Interest Rate. The interest rate borne by the Bonds shall be adjusted to or continued as a Long-Term Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent, of a written notice from the Company, which notice shall specify the duration of the Long-Term Interest Rate Period during which the Bonds shall bear interest at such rate. Such notice may specify two or more consecutive Long-Term Interest Rate Periods and, if it so specifies, shall specify the duration of each such Long-Term Interest Rate Period as provided in this paragraph. Such notice shall specify the effective date of such Long-Term Interest Rate Period which shall be (1) a Business Day not earlier than the 12th day (15th day if the then current Interest Rate Period shall be a Long-Term Interest Rate Period) following the fifth Business Day after receipt by the Trustee of such notice from the Company, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of such Long-Term Interest Rate Period, and (3) in the case of an adjustment

from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under the "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice shall specify the last day of such Long-Term Interest Rate Period (which shall be either the day preceding the maturity date of the Bonds, or a day which both immediately precedes a Business Day and is more than 270 days after such effective date) and, if given during a Long-Term Interest Rate Period, may also specify a date or dates prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice demanding the purchase of their Bonds and (2) such Bonds.

If, by the fifth Business Day preceding the 14th day prior to the last day of any Long-Term Interest Rate Period, the Paying Agent and the Trustee shall not have received notice of the Company's election that during the next succeeding Interest Rate Period, the Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period of the same duration as the immediately preceding Long-Term Interest Rate Period; provided, however, that if the last day of any succeeding Long-Term Interest Rate Period shall not be a day immediately preceding a Business Day, then such succeeding Long-Term Interest Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day or, if such Long-Term Interest Rate Period would end after the day prior to the Maturity Date, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period ending on the day prior to the Maturity Date. In either case no opinion of bond counsel need be delivered.

Notice of Adjustment to or Continuation of Long-Term Interest Rate Period. The Paying Agent shall give notice of an adjustment to or continuation of a Long-Term Interest Rate Period to the owners of the Bonds not less than 12 days (15 days if the then current Interest Rate Period shall be a Long-Term Interest Rate Period) prior to the effective date of such Long-term interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to, or continue to be, a Long-Term Interest Rate, (2) the effective date and the last day of such Long-Term Interest Rate Period, (3) that the Long-Term Interest Rate for such Long-Term Interest Rate Period will be determined on or prior to the effective date thereof, (4) how such Long-Term Interest Rate may be obtained from the Remarketing Agent, (5) the Interest Payment Dates after such effective date, (6) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (7) the procedures for such purchase, (8) that, during such Long-Term Interest Rate Period, owners of Bonds will not have the right to require the purchase of Bonds, except on the day following the last day of such Long-Term Interest Rate Period, and (9) the redemption provisions that will pertain to the Bonds during such Long-Term Interest Rate Period.

Adjustment of Interest Rate Period by Remarketing Agent

At any time during a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Interest Rate Period, the Remarketing Agent may adjust the Interest Rate Period to any other Interest Rate Period (except a Long-Term Interest Rate Period), if in the judgment of the Remarketing Agent, after consultation with the Company, such an adjustment would result in the lowest overall interest expense on the Bonds for a period of at least 90 days. To accomplish such an adjustment of an Interest Rate Period, the Remarketing Agent shall deliver a written direction to the Authority, the Company, the Paying Agent and the Trustee, similar to the written direction the Company is required to give as described under the subcaptions "Short-Term Interest Rate Period -- Adjustment to Short-term Interest Rate", "Daily Interest Rate Period--Adjustment to Daily Interest Rate" and "Weekly Interest Rate Period -- Adjustment to Weekly Interest Rate" and such notice shall have the same effect as if it had been given by the Company.

Determinations Binding

The establishment and determination of the various interest rates, interest indices and the basis therefor and the various Interest Rate Periods referred to herein by the Indexing Agent or the Remarketing Agent, as the case may be, shall be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the Authority, the Company and the owners of the Bonds.

Failure to Adjust Interest Rate Period

In the event that an attempted adjustment from one Interest Rate Period to another Interest Rate Period as provided in the Agreement does not become effective, the Interest Rate Period then in effect shall continue in effect (or if such Interest Rate Period is a Long-Term Interest Rate Period, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period of the same duration as the then-existing Long-Term Interest Rate Period as nearly as possible), but any purchases of Bonds or mandatory redemptions of Bonds (and purchases in lieu of certain mandatory redemptions) which would have taken place on the proposed effective date of such adjustment shall take place as if such attempted adjustment were in fact effective.

Purchase of Bonds

Daily Interest Rate Period. During any Daily Interest Rate Period and on the day (which must be a Business Day) next succeeding the last day of each Daily Interest Rate Period, any Bond shall be purchased by the Tender Agent or the Remarketing Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon (i) delivery by the owner of such Bond to the Tender Agent at its principal office or to the Remarketing Agent at its principal office, by no later than 10:30 a.m., New York time, on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, which states the principal amount and number of such Bond and (ii) delivery of such Bond to the Tender Agent (if such notice was delivered to the Tender Agent) at its principal office, or the Remarketing Agent (if such notice was delivered to the Remarketing Agent) at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent or the Remarketing Agent, as the case may be, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 1:00 p.m., New York time, on such Business Day.

Weekly Interest Rate Period. During any Weekly Interest Rate Period and on the day (which must be a Business Day) next succeeding the last day of each Weekly Interest Rate Period, any Bond shall be purchased from its owner by the Tender Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon (i) delivery by the owner of such Bond to the Tender Agent at its principal office of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing which states the principal amount and number of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent, and (ii) delivery of such Bond to the Tender Agent at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York time, on the date specified in such notice.

On Day Next Succeeding the Last Day of Each Long-Term Interest Rate Period. On the day next succeeding the last day of each Long-Term Interest Rate Period, any Bond shall be purchased from its owner by the Tender Agent, at a purchase price equal to the principal amount thereof upon (i) delivery by the owner of such Bond to the Tender Agent at its principal office on or prior to the date specified for such delivery in the notice of the adjustment to such Interest Rate Period delivered as described under the subcaptions "Short-Term Interest Rate Period--Adjustment to Short-Term Interest Rate"; "Daily Interest Rate Period--Adjustment to Daily Interest Rate"; "Weekly Interest Rate Period--Adjustment to Weekly Interest Rate"; and "Long-Term Interest Rate Period -- Adjustment to or Continuation of Long-Term Interest Rate," or, if no such date shall have been so specified, on or prior to the seventh day preceding the first day of the next succeeding Interest Rate Period, of an irrevocable written notice or an irrevocable telephonic notice promptly confirmed by telecopy or other writing, which states the principal amount and number of such Bond, and (ii) delivery of such Bond to the Tender Agent at its principal office accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by the bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York Time, on the date specified for such delivery in the notice of the adjustment to such Interest Rate Period delivered as described under the subcaptions "Short-Term Interest Rate Period--Adjustment to Short-Term Interest Rate"; "Daily Interest Rate Period--Adjustment to Daily

Interest Rate"; "Weekly Interest Rate Period--Adjustment to Weekly Interest Rate"; and "Long-Term Interest Rate Period--Adjustment to or Continuation of Long-Term Interest Rate", or, if no such date shall have been so specified, on the first day of the next succeeding Interest Rate Period.

On Day Next Succeeding Last Day of Each Short-Term Segment. On the day next succeeding the last day of each Short-Term Segment for a Bond, such Bond shall be purchased from its owner by the Tender Agent, at a purchase price equal to the principal amount thereof unless such owner shall deliver to the Tender Agent at its principal office not later than 3:00 p.m. New York time, on the second Business Day (or if a Short-Term segment has a term of only one day, then not later than 3:00 p.m., New York time on the Business Day) prior to such day, such Bond together with written notice which states the principal amount and number of such Bond and that such Bond shall not be so purchased. The purchase price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange.

Remarketing of Bonds

Upon the giving of notice to the Remarketing Agent by any Bondholder as described under the caption "THE BONDS--Purchase of Bonds--Daily Interest Rate Period," the Remarketing Agent shall offer for sale and use its best efforts to sell at the best available price the Bonds referred to in such notice on the date on which such Bonds are to be purchased; provided that the Remarketing Agent shall not sell any Bond if the amount to be received from the sale of such Bond is less than the purchase price to be paid for such Bond.

Purchase of Bonds by Paying Agent or Remarketing Agent

On the date Bonds are to be purchased by the Remarketing Agent as described in "THE BONDS--Purchase of Bonds--Daily Interest Rate Period," and on the date any Bonds are to be purchased by the Paying Agent as described in "THE BONDS--Purchase of Bonds," the Paying Agent or Remarketing Agent, as the case may be, shall purchase such Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(a) proceeds of the sale of such Bonds by the Paying Agent or Remarketing Agent; and

(b) moneys furnished by the Company for such purpose pursuant to its obligations under the Agreement.

Irrevocable Notice or Failure to Give Notice Deemed to be Tender of Bond. The giving of notice or the failure to give notice shall constitute the irrevocable tender for purchase of each Bond with respect to which such notice shall have been given or not given, as the case may be, irrespective of whether such Bond shall be delivered as provided above. Upon the purchase by the Tender Agent or the Remarketing Agent, as the case may be, of each Bond so tendered or deemed to be tendered, such Bond shall cease to bear interest payable to the former owner thereof, who thereafter shall have no rights with respect thereto, other than the right to receive the purchase price thereof upon surrender of such Bond to the Tender Agent or the Remarketing Agent, as the case may be, and such Bond shall no longer be deemed outstanding.

Redemption of Bonds

Optional Redemption - Short-Term Interest Rate Period. On the day next succeeding the last day of any Short-Term Segment during any Short-Term Interest Rate Period with respect to any Bond, such Bond shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of its principal amount, plus accrued interest, if any, to the redemption date.

Optional Redemption - Daily Interest Rate Period or Weekly Interest Rate Period. On any Business Day during a Daily Interest Rate Period or a Weekly Interest Rate Period, and on the day next succeeding the last day of each such Interest Rate Period, the Bonds are subject to optional redemption by the Authority, at the written

direction of the Company, in whole or in part, at 100% of their principal amount, plus accrued interest, if any, to the redemption date.

Optional Redemption - Long-Term Interest Rate Period. During any Long-Term Interest Rate Period, and on the day next succeeding the last day of each Long-Term Interest Rate Period, the Bonds shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole at any time or in part from time to time, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued interest, if any, to the redemption date:

Length of Rate Period	No Call Period	Redemption Price
Greater than 15 years	10 years	102%, declining by 1% on each succeeding anniversary of the redemption period after the no call period until reaching 100% and thereafter at 100%
Greater than 12 but not greater than 15 years	8 years	102%, declining by 1% on each succeeding anniversary of the redemption period after the no call period until reaching 100% and thereafter at 100%
Greater than 9 but not greater than 12 years	6 years	101%, declining by 1% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 6 but not greater than 9 years	4 years	100-1/2%, declining by 1/2% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 3 but not greater than 6 years	2 years	100-1/2%, declining by 1/2% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 1 but not greater than 3 years	1 year	100%
1 year or less	Bonds not subject to optional redemption until commencement of next Long-Term Interest Rate Period	

Mandatory Redemption on First Day of Certain Interest Rate Periods. The Bonds shall be subject to mandatory redemption by the Authority at a redemption price specified in the second immediately succeeding paragraph (i) on the first day of each Long-Term Interest Rate Period (other than a Long-Term Interest Rate Period immediately succeeding a long-Term Interest Rate Period of more than one year in duration, both of which shall be equal in length, as nearly as possible); (ii) on the first day of each Daily Interest Rate Period and Weekly Interest Rate Period which follows a Long-Term Interest Rate Period; and (iii) on the first day of each Short-Term Interest

Rate Period; provided, that there shall not so be redeemed (a) Bonds which shall have been purchased as described under the heading "THE BONDS--Purchase of Bonds" on such redemption date or on any day during the 10-day period preceding such redemption date, (b) Bonds or portions of principal amount thereof which will be in Authorized Denominations on such redemption date with respect to which the Tender Agent shall have received directions not to so redeem the same from the owners thereof as described under the heading "THE BONDS--Redemption of Bonds--Waiver of Redemption by Owner," (c) Bonds issued in exchange for or upon the registration of transfer of Bonds and such portions of principal amount referred to in clauses (a) and (b) above, and (d) Bonds or such portions of principal amount thereof purchased by the Company as described under the heading "THE BONDS--Redemption of Bonds--Purchase by Company in Lieu of Redemption."

Mandatory Redemption of Bonds Not in Authorized Denominations. That portion of any Bond which causes such Bond to be not then in an Authorized Denomination shall be subject to mandatory redemption by the Authority at the redemption prices specified in the immediately succeeding paragraph on the first day of each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period; provided, that there shall not be so redeemed such portions of Bonds purchased by the Company in lieu of redemption.

Redemption Prices. Any redemption pursuant to the two immediately preceding paragraphs shall be at the redemption price of 100% of the principal amount of such Bonds or, in the case of a redemption on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a redemption price equal to the redemption price as described under the heading "THE BONDS--Redemption of Bonds--Optional Redemption-Long-Term Interest Rate Period" which would have been applicable to the Bonds on such redemption date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day.

Waiver of Redemption by Owner. Any owner of Bonds may direct the Tender Agent not to redeem its Bonds (or portions of principal amount thereof in Authorized Denominations) upon the occurrence of the events described under the heading "THE BONDS--Mandatory Redemption on First Day of Certain Interest Rate Periods," by delivering to the Tender Agent at its principal office on or prior to the date on or prior to which the notice described under the heading "THE BONDS--Purchase of Bonds" is required to be delivered for Bonds to be purchased on the date for such redemption, an instrument which (1) states that such person is the owner of such Bond and specifies the number and denomination of such Bond, (2) states that such owner has knowledge of the Interest Rate Period to commence on such redemption date, (3) if applicable, states that the redemption price will be at a premium, and (4) directs the Authority not to redeem such Bond or portion of principal amount thereof specified therein. Any instrument so delivered to the Tender Agent shall be irrevocable with respect to the redemption for which such instrument was delivered and shall be binding upon subsequent owners of such Bond or portion of principal amount thereof, including Bonds issued in exchange therefor or upon the registration of transfer thereof; but such instrument shall have no effect upon any subsequent redemption of Bonds.

Mandatory Redemption Upon Taxability. The Bonds are subject to special mandatory redemption prior to maturity at any time, as a whole or in part if such partial redemption will preserve the exemption from federal income taxation of interest on the remaining Bonds outstanding (and if in part, by lot or other customary means) at a redemption price equal to the principal amount thereof, plus interest accrued to the redemption date, without premium, in the event that the interest payable on any Bond has become subject to federal income tax in accordance with the Agreement. Any such redemption shall be made not later than 180 days from the date of such determination.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption as a whole at the ~~option of the Company on any date selected by the Company, but not less than 45 nor more than 180 days after~~ the Company shall have given notice of its exercise of the right to prepay the Bonds, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date if:

(i) in the opinion of the Company, the continued operation by the Company of the Units is impracticable, uneconomical or undesirable due to (A) the imposition of taxes or other liabilities or burdens

not being imposed as of the date of the Agreement, (B) changes in technology or in the economic availability of raw materials or operating supplies or equipment or (C) destruction of or damage to all or a substantial portion of the Units; provided, however, that the Company may not exercise its right to redeem the Bonds for reasons described in this clause (i) if any portion of the redemption price is to be paid from the proceeds of tax-exempt bonds; or

(ii) all or substantially all of the Units have been condemned or taken by eminent domain; or

(iii) the operation by the Company of the Units shall have been enjoined and the Company shall have been prevented from carrying on normal operations at the Units for a period of six months or more; or

(iv) in the event the First Mortgage Bonds have been issued, all or substantially all the mortgaged and pledged property constituting bondable property which at the time shall be subject to the lien of the First Mortgage as a first lien shall be released from the lien of the First Mortgage pursuant to the provisions thereof, and available moneys in the hands of the trustee or trustees at the time serving as such under the First Mortgage, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the first mortgage bonds of all series issued pursuant to the First Mortgage at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

Purchase by Company in Lieu of Redemption. Bonds called for and subject to redemption upon the occurrence of events described under "THE BONDS--Mandatory Redemption on First Day of Certain Interest Rate Periods" shall be purchased by the Company as specified in the Agreement on the date on which such Bonds or portions of Bonds were to have been redeemed at a purchase price equal to the price at which such Bonds or portions of Bonds were to have been redeemed, if the Company shall give notice to the Paying Agent, the Trustee, and the Remarketing Agent before such date specifying the principal amount of Bonds or portions thereof to be so purchased. The Tender Agent shall pay the purchase price of Bonds or portions thereof to be so purchased by the Company from moneys deposited with the Tender Agent by the Company.

Notice of Redemption. Notice of the call for any redemption of Bonds or any portion thereof identifying the Bonds or portions thereof to be redeemed, specifying the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue, shall be given by the Paying Agent by mailing a copy of the redemption notice by first-class mail to the owner of each Bond so to be redeemed in whole or in part at the address shown on the registration books. Such notice shall be given at least 15 days prior to the date fixed for redemption; provided, however, that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds with respect to which no such failure or defect occurred.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Paying Agent shall select the Bonds or portions thereof to be redeemed, in such manner as in the Trustee's sole discretion it shall deem appropriate and fair. The Paying Agent shall promptly notify the Authority and the Company in writing of the Bonds or portions thereof selected for redemption; provided, however, that in connection with any redemption of Bonds the Paying Agent shall first select for redemption any Bonds held by the Tender Agent for the account of the Company or held of record by the Company. If it is determined that one or more, but not all, of the portions of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such portion or portions, the owner of such Bond shall forthwith surrender such Bond to the Paying Agent for (a) payment to such owner of the redemption price of the portion or portions of principal amount called for redemption, and (b) delivery to such owner of a new Bond or Bonds in the aggregate principal amount ~~of the unredeemed balance of the principal amount of the Bond. New Bonds representing the unredeemed balance~~ of the principal amount of such Bonds shall be issued to the owner thereof, without charge therefor. If the owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion or portions of principal amount called for redemption (and to that extent only).

THE LOAN AND TRUST AGREEMENT

The following is a summary of certain provisions of the Agreement, not including the provisions summarized above describing the Bonds.

Payments by the Company

The Company will pay to the Trustee or the Paying Agent, as appropriate, for the account of the Authority an amount equal to the aggregate principal amount of the Bonds plus interest thereon at the rate paid on the Bonds and redemption premium, if any. Such amounts will be paid in installments due on the dates, in the amounts and in the manner provided in the Agreement for the payment of the principal of and premium, if any, and interest on the Bonds whether at maturity, upon redemption or otherwise.

Payments for Bonds Delivered for Purchase

In consideration of the issuance of the Bonds by the Authority, but for the benefit of the Bondholders, the Company will pay to the Tender Agent or the Remarketing Agent, as the case may be, amounts equal to the amounts to be paid by the Tender Agent or the Remarketing Agent, as the case may be, pursuant to the Agreement for the purchase of outstanding Bonds, such amounts to be paid by the Company on the dates such payments by the Tender Agent are to be made.

Obligation Absolute

The Company's obligation to make payments of principal, interest and premium, if any, and to make, or cause to be made, payments to the Tender Agent or the Remarketing Agent, as the case may be, for the purchase of Bonds is absolute and unconditional, and the Company (1) will not suspend or discontinue payments, (2) will perform and observe all of its other agreements contained in the Agreement, and (3) except as permitted in the Agreement, will not terminate the Agreement for any reason. If sufficient funds are not available to the Tender Agent or the Remarketing Agent, as the case may be, for the Purchase of all Bonds tendered, the Tender Agent or the Remarketing Agent, as the case may be, shall be under no obligation to consummate the purchase.

Creation of Subordinated Security Interest

As security for the performance by the Company of its obligations under the Agreement, the Company has granted to the Authority a Subordinated Security Interest in the Project. The Authority has assigned the Subordinated Security Interest to the Trustee for the benefit of the Bondholders. The security interest granted (including the Authority's rights of possession or repossession of the Project or any rights conferred upon the Authority under the Uniform Commercial Code of the State of Florida or otherwise) shall at all times be subject to (1) the rights of the holders of the first mortgage bonds of the Company, including the First Mortgage Bonds, issued and outstanding or to be issued under the lien of the First Mortgage, and (2) any future security interest or lien created to secure any indebtedness or other obligations of the Company now existing, to be issued in the future, or incurred under any indenture or other instrument which expressly provides that any such security interest or lien securing such indebtedness or obligations shall be superior to the security interest granted. The Subordinated Security Interest may be released with respect to any part of the Project which has been released from the lien of the First Mortgage or the lien of any other future security interest or lien superior to the Subordinated Security Interest.

Pledge of First Mortgage Bonds

~~Although the Company has not elected to do so, in order to provide collateral security for the Company's~~ obligations to make payment of installments, the Company may elect to issue and deliver to the Trustee a series of First Mortgage Bonds, registered in the name of the Trustee, which shall have the same stated rate or rates of interest prior to maturity, payable at the same times, and which shall become due in the same principal amount or

amounts, either by redemption or by maturity, on the same date or dates, as the Bonds. The First Mortgage Bonds shall be held subject to the terms and provisions of the Agreement and the First Mortgage.

To exercise this election, the Company shall, not less than 14 days prior to the proposed date of delivery of the First Mortgage Bonds, (1) give to the Authority and the Trustee written notice that designates the date on which such First Mortgage Bonds will be delivered, and (2) deliver to the Trustee and the Authority a written opinion of Bond Counsel to the effect that such election and the delivery of such First Mortgage Bonds will not cause the interest on the Bonds to become subject to federal income tax.

Indemnification

The Company has agreed to indemnify the Authority, the Paying Agent, the Tender Agent, the Remarketing Agent and the Trustee against claims arising out of the construction or operation of the Project and to pay or bond and discharge and indemnify and hold harmless the Authority from and against (1) any lien or charge upon payments by the Company to or for the account of the Authority and (2) any taxes, assessments, impositions and other charges of any federal, state or municipal government or political body in respect of the Project. The Company shall also protect and hold the Authority, the Paying Agent, the Tender Agent and the Remarketing Agent harmless against any claim or liability arising from the Agreement, the bond resolution, the issuance of the Bonds and all transactions pertaining thereto, including but not limited to any loss or damage to property or any injury to or death of any person that may be occasioned by any cause pertaining to the Project or to the use thereof, in excess of any insurance proceeds available to the Authority in connection with the Project.

Assignment; Merger

Under certain conditions, the Company may assign its interest in the Agreement and lease or sell the Project, in whole or in part. No such assignment, lease or sale will operate to relieve the Company from its primary liability for its obligation to make the payments of principal of, premium, if any, and interest on the Bonds or to make payments with respect to the purchase of Bonds.

The Company may consolidate with or merge into, or sell or otherwise transfer all or substantially all of its assets to, another corporation incorporated under the laws of one of the states of the United States and qualified to do business in the State of Florida if the surviving, resulting or transferee corporation, if not the Company, assumes in writing all obligations of the Company under the Agreement.

Pledge and Security

Pursuant to the Agreement, the Authority has pledged to the Trustee all payments by the Company under the Agreement to secure the payment of the principal of and premium, if any, and interest on the Bonds. The Authority has also pledged and assigned to the Trustee all its other rights and interests under the Agreement (other than its rights to indemnification and reimbursement of expenses contained in the Agreement).

Deposit of Bond Proceeds

The proceeds of the sale of the Bonds shall be deposited first to the Debt Service Fund in an amount equal to the accrued interest, if any, paid by the purchasers of the Bonds, then the remaining balance to the Bond Payment Fund for use in redeeming the Series 1974 Bonds and the Series 1985 Bonds.

Investments

The moneys in the Debt Service Fund and the Redemption Fund will, at the direction of the Company, be invested in securities or obligations specified in the Agreement. All income or other gain from such investments will be credited, and any loss will be charged, to the particular fund from which the investments were made.

Establishment of Funds

The following funds shall be established and maintained with the Trustee (or, in certain cases, with the Paying Agent, as set forth below) for the account of the Company, to be held in trust and applied subject to the provisions of the Agreement:

Bond Payment Fund;
Debt Service Fund;
Redemption Fund;
First Mortgage Bond Fund.

The Debt Service Fund and the Redemption Fund shall be established and maintained by the Trustee if the Trustee also serves as the Paying Agent, and otherwise shall be established and maintained by the Paying Agent.

Bond Payment Fund

The moneys and investments held in the Bond Payment Fund shall be applied, except as otherwise provided, solely to the payment of the principal and redemption premium of, and interest on the Series 1974 Bonds and the Series 1985 Bonds.

Moneys in the Bond Payment Fund may be invested as the Company may direct from time to time and otherwise in investments as specified in the Agreement. Earnings on the Bond Payment Fund shall be retained in the Fund until December 24, 1990 and on that date all of such earnings or such lesser amount as shall be sufficient to pay all of the unpaid interest due on the Series 1974 Bonds shall be transferred to the trustee for the Series 1974 Bonds in immediately available funds with instructions to apply such amount to interest on the Series 1974 Bonds called as of December 24, 1990, and any remaining amounts shall be transferred to the trustee for the Series 1985 Bonds in immediately available funds with instruction to apply such amount to interest on the Series 1985 Bonds due thereafter. Any earnings in the Bond Payment Fund in excess of the amounts required to pay the interest due on the Series 1974 Bonds and the Series 1985 Bonds shall be paid to the Company.

The Company shall pay to the trustees for the Series 1974 Bonds and the Series 1985 Bonds, respectively, in immediately available funds on December 24, 1990 the moneys necessary to pay in full the outstanding principal of, premium on and interest due on the Series 1974 Bonds and the Series 1985 Bonds as of December 24, 1990 and not otherwise provided from the Bond Payment Fund.

Debt Service Fund

The moneys and investments held in the Debt Service Fund shall be applied, except as otherwise provided, to the payment of the principal, redemption premiums, if any, and interest on the Bonds.

Redemption Fund

The moneys and investments held in the Redemption Fund shall be applied, except as otherwise provided, to the redemption of Bonds. The Trustee or the Paying Agent, as appropriate, may, and upon written direction of the Company for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid by the Company.

If on any date the amount in the Debt Service Fund is less than the amount then required to pay the principal and interest then due on the Bonds, the Trustee or the Paying Agent, as appropriate, shall transfer the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the Debt Service Fund to the extent necessary to meet the deficiency. The Company shall remain liable for any sums which it has not paid into the Debt Service Fund, and any subsequent payment thereof shall be used to restore the funds so applied.

First Mortgage Bond Fund

All payments, if any, made on the First Mortgage Bonds shall be deposited to the First Mortgage Bond Fund. Any funds in the First Mortgage Bond Fund shall be applied first to any amounts which the Company may be required to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund, and the balance, if any, shall be transferred to the Redemption Fund.

Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal, redemption premium, if any, and interest on the outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee and the Paying Agent in accordance with the Agreement, be applied first to the payment of interest, including interest on overdue principal, and second to the payment of principal and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due). Whenever moneys are to be applied pursuant to this paragraph, such moneys shall be so applied from time to time as the Trustee or the Paying Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee or the Paying Agent shall apply moneys pursuant to this paragraph it shall fix the date (which shall be the first of a month unless the Trustee or the Paying Agent shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee or the Paying Agent shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Paying Agent may require presentation of the Bond for endorsement of the payment.

Payments by the Company

On the date on which a payment of principal or interest is due, the Company shall pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to such payment less the amount, if any, in the Debt Service Fund and available therefor.

The payments to be made under the foregoing paragraph shall be appropriately adjusted to reflect the date of issue of Bonds, accrued interest deposited in the Debt Service Fund, if any, and any purchase or redemption of Bonds so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal due or coming due on the Bonds and so that accrued interest will be applied to the installments of interest to which it is applicable.

At any time when any principal of the Bonds is overdue, the Company shall also have a continuing obligation to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required as described above shall not otherwise bear interest. Redemption premiums shall not bear interest.

Payments by the Company to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Company to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal and interest on the Bonds when due, the Company shall supply the deficiency.

Within thirty (30) days after notice, the Company shall also pay all expenditures (except general administrative expenses or overhead) reasonably incurred by the Authority by reason of the Agreement and the reasonable fees and expenses of the Trustee and the Paying Agent.

Defaults

Each of the following events will constitute an "Event of Default" under the Agreement:

(1) Failure by the Company to make when due any payment of principal, premium, if any, or interest on the Bonds or any payment required to be made with respect to the purchase of Bonds;

(2) Certain events of bankruptcy or insolvency relating to the Company shall have occurred;

(3) First Mortgage Bonds have been delivered in connection with the Bonds and a default under the First Mortgage shall have occurred and be continuing; or

(4) A failure by the Authority to observe and perform any other covenant, condition, agreement or provision contained in the Bonds or the Agreement (other than a failure described in clause (1), (2) or (3) above), which failure shall continue for a period of 90 days after written notice given to the Authority and the Company by the Trustee, which notice may be given in the discretion of the Trustee and shall be given at the written request of the holders of not less than 25% in principal amount of Bonds then outstanding, unless such period is extended by the Trustee and the holders of a principal amount of Bonds not less than the principal amount of Bonds the holders of which requested such notice, as the case may be; provided, however, that the Trustee and the holders of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority or the Company on behalf of the Authority within such period and is being diligently pursued.

Remedies

Upon the occurrence and continuance of an Event of Default described in clause (1), (3) or (4) of the preceding paragraph, and further upon the condition that if any First Mortgage Bonds have been delivered, all First Mortgage Bonds outstanding shall have become immediately due and payable in accordance with the terms of the First Mortgage, the Trustee may, and at the written request of holders of not less than 25% in principal amount of Bonds then outstanding shall, by written notice to the Authority and to the Company, declare the Bonds to be immediately due and payable, and upon the occurrence of an event of default described in clause (2) of the preceding paragraph, the Bonds shall, without further action, become and be immediately due and payable, anything in the Agreement or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice of acceleration to the Authority, the Paying Agent and the Remarketing Agent and shall give notice thereof to holders of the Bonds.

The provisions described in the preceding paragraph, however, are subject to the condition that if after the principal of the Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company or the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Agreement) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Agreement other than nonpayment of the principal of Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority, the Company, the Paying Agent and the Remarketing Agent, and shall give notice thereof to holders of the Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon. A waiver of default under the First Mortgage and a rescission and annulment of its consequences constitutes a waiver of the corresponding Event of Default under the Agreement, and a rescission and annulment of its consequences. The Trustee shall promptly give notice of such waiver as specified above.

Upon the occurrence of any Event of Default under the Agreement, the Trustee may proceed to pursue any available remedy to enforce the payment of the principal of, premium, if any, and interest on the Bonds then

outstanding, including, without limitation, suits, actions or special proceedings in equity or at law. The Trustee is not required to take any action in respect of an Event of Default or to enforce the trusts created by the Agreement except upon the written request of the holders of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it. The holders of a majority in principal amount of Bonds then outstanding will have the right to direct the method and place of conducting all remedial proceedings under the Agreement.

No holder of any Bond will have any right to institute suit or to execute any trust or power of the Trustee unless such holder has previously given the Trustee written notice of an Event of Default and unless also the holders of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity had been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Agreement, the right of the holder of any Bond to enforce the payment of the principal of, premium, if any, and interest on such Bond at or after the maturity thereof will not be impaired or affected.

Limitations on Bondholders' Remedies

Upon a failure of the Company to make a required debt service or purchase price payment when the same becomes due and payable, the Paying Agent shall so notify the Trustee and the Trustee shall give written notice of such default to the Authority and the Company. The Trustee shall not be required to take notice of any other breach or default by the Company or the Authority, and the Authority shall not be required to take notice of a breach or default by the Company, in each case unless given written notice thereof by the owners of at least 25% in principal amount of the outstanding Bonds. The Trustee shall give default notices and accelerate payments, and the Authority shall give default notices, in each case when so instructed in writing by the owners of at least 25% in principal amount of the outstanding Bonds. The Trustee shall institute legal proceedings to enforce the obligations of the Authority in accordance with the written directions of the owners of a majority in principal amount of the outstanding Bonds. Neither the Trustee nor the Authority shall be required to take remedial action (other than acceleration, in the case of the Trustee, or the giving of notice), unless reasonable indemnity is furnished for any expense or liability to be incurred therein.

No Bondholder shall have any right to institute any legal proceedings for the enforcement of the Agreement or any applicable remedy under the Agreement unless the Trustee has failed or refused to take action as required by the Agreement.

Defeasance

When there are in the Debt Service Fund and the Redemption Fund sufficient funds, or certain obligations issued or guaranteed by the United States as provided in the Agreement in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights of the Authority, the Trustee and the Paying Agent have been provided for, upon written notice from the Company to the Authority and Trustee, the Bondholders shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment, and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement, the security interests, including the Subordinated Security Interest, created by the Agreement (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee and the Paying Agent. Upon defeasance of the Agreement, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose subject to the requirements of the Agreement, and moneys held for defeasance shall be invested only as provided above in this paragraph. Any funds or property held by the Trustee or the Paying Agent and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of

the Authority and the Trustee, be distributed to the Company upon such indemnification, if any, as the Authority or the Trustee may reasonably require.

Removal of Trustee

The Trustee may be removed, and a successor Trustee appointed, by the holders of not less than a majority in aggregate principal amount of Bonds at the time outstanding.

Supplemental Agreements

The Agreement may be modified or amended by supplemental agreements without the consent of or notice to the Bondholders for any of the following purposes:

(1) To add to the covenants and agreements of the Authority or the Company contained in the Agreement other covenants and agreements thereafter to be observed, and to surrender any right or power therein reserved to or conferred upon the Authority or the Company;

(2) To modify any of the provisions of the Agreement or release the Authority from any of the obligations, conditions or restrictions therein contained; provided, that no such modification or release shall be or become operative or effective which shall in any manner impair any of the rights of the Bondholders or the Trustee; and provided further, that the Trustee may in its sole discretion decline to enter into any such supplemental agreement which in its opinion may not afford adequate protection to the Trustee when the same shall become operative;

(3) To cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Agreement or in any supplemental agreement in a manner which, in the opinion of bond counsel of nationally recognized standing, is not adverse to the interests of the Bondholders;

(4) To make such provision in regard to matters or questions arising under the Agreement as may be necessary or desirable and not inconsistent with the Agreement and not, in the opinion of bond counsel of nationally recognized standing, adverse to the interests of the Bondholders;

(5) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(6) To change the method for determining any interest rate or Interest Rate Period in a manner not to the prejudice of the Trustee or Bondholders;

(7) To change the conversion notice periods and related purchase procedures in a manner not to the prejudice of the Trustee or the Bondholders;

(8) To make any change which is required by Moody's or S&P in order to obtain or maintain a rating of the Bonds; or

(9) To make any other change which, in the opinion of bond counsel of nationally recognized standing, does not materially adversely affect the rights of the Authority or any Bondholder.

Exclusive of supplemental agreements entered into for the purposes described in the preceding paragraphs, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Agreement to the contrary notwithstanding, to consent to and approve the execution by the Company, the Authority and the Trustee of such other agreement or agreements supplemental to the Agreement as shall be deemed necessary and desirable by the Company for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Agreement or in any supplemental agreement; provided, however, that nothing in the Agreement contained shall permit, or be construed as permitting without the consent of the holders of the Bonds then outstanding affected thereby (1) an extension of the maturity of the principal of or premium, if any, or the interest on or redemption date of any Bond issued thereunder, or a change in the terms of the purchase of Bonds

delivered to the Tender Agent, (2) a reduction in the principal amount of any Bond or the rate of interest or redemption premium thereon, or a change in the method of determining the rate of interest thereon, (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (4) a reduction in the aggregate principal amount of the Bonds required for consent to such modification, amendment or supplemental agreement, or (5) impairment of the exemption from federal income taxation of interest on any of the outstanding Bonds.

THE TRUSTEE

NCNB National Bank of Florida, the Trustee, is a depository for part of the Company's funds and has extended to the Company a line of credit.

TAX EXEMPTION

In the opinion of Palmer & Dodge, Boston, Massachusetts, Bond Counsel, under existing law interest on the Bonds is excluded from the gross income of the recipient thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the applicable provision of the Internal Revenue Code (the "Code").

Interest on the Bonds is not treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, but interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations.

The Code establishes certain requirements regarding the use of the Project, the expenditure and investment of proceeds of the Bonds, and the payment of rebates to the United States which must be continuously satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to remain excluded from gross income. Failure to comply with these requirements could cause interest on the Bonds to become included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take all lawful action necessary under presently existing federal tax law to ensure that interest on the Bonds will remain excluded from gross income for federal income tax purposes and to refrain from taking any action which would cause interest on the Bonds to become included in such gross income, except with respect to any Bond owned by a substantial user of the Project or a related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds shall be redeemed within 180 days at par plus accrued interest in whole, or to the extent required so that the remaining outstanding Bonds will not be subject to federal income tax. See "THE BONDS -- Redemption of Bonds - Mandatory Redemption Upon Taxability" herein.

Prospective purchasers of the Bonds should also be aware that the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, for that portion of the owner's interest expense allocated to interest on the Bonds. For insurance companies subject to the tax imposed by Section 831 of the Code, the deduction of loss reserves is reduced by 15 percent of the sum of certain items, including interest on the Bonds. In addition, interest on the Bonds earned by certain corporations could be subject to the environmental tax imposed by Section 59A of the Code, or the foreign branch profits tax imposed by Section 884 of the Code, and may be included in passive investment income subject to federal income taxation under Section 1375 of the Code applicable to certain S corporations. The Code also requires recipients of certain social security and certain railroad retirement benefits to take into account, in determining the portion of such benefits that are included in gross income, receipts or accruals of interest on the Bonds.

Under existing Florida law, Florida Statutes §159.31, the Bonds, their transfer and the income therefrom (including any profit on the sale thereof) are free from taxation by the state, or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations by corporations.

UNDERWRITING

Kidder, Peabody & Co. Incorporated, as Underwriter, has agreed, subject to certain terms and conditions, to purchase the Bonds from the Authority at the aggregate purchase price of $51,605,000, plus accrued interest, if any. The Underwriter is committed to purchase all of the Bonds if any are purchased. The Company will pay to the Underwriter an underwriting fee in the amount of $219,321.25. The Company has also agreed to pay Kidder, Peabody & Co. Incorporated certain fees, payable from time to time, in connection with its services as Remarketing Agent and Indexing Agent.

The Company has agreed to indemnify the Underwriter and the Authority against certain liabilities, including liabilities under the federal securities laws, in connection with certain portions of this Official Statement, including Appendix A hereto.

The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing any of the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Palmer & Dodge, Boston, Massachusetts, as Bond Counsel. Sheila M. McDevitt, Counsel for the Company, will pass upon certain legal matters for the Company. Certain legal matters will be passed upon for the Underwriter by Ropes & Gray, Boston, Massachusetts, Counsel for the Underwriter, and for the Authority by Holland & Knight, Tampa, Florida, Counsel for the Authority. Holland & Knight represents the Company concerning matters unrelated to the Bonds.

This Official Statement has been duly authorized, executed and delivered by the Authority.

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By: _____
Chairman

APPENDIX A

TAMPA ELECTRIC COMPANY

Replaced by Appendix A of the Remarketing Supplement.

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APPENDIX B

Opinion of Bond Counsel

[Letterhead of Palmer & Dodge]

September 27, 1990

Hillsborough County Industrial
Development Authority
Tampa, Florida 33602

Kidder, Peabody & Co. Incorporated
10 Hanover Square
New York, New York 10005

NCNB National Bank of Florida, as Trustee
400 North Ashley Drive, 6th Floor
Tampa, Florida 33602

$51,605,000
Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project)
Series 1990

We have acted as bond counsel in connection with the issuance by the Hillsborough County Industrial Development Authority (the "Authority") of the above-captioned bonds (the "Bonds").

The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of September 24, 1990 (the "Agreement") among the Authority, NCNB National Bank of Florida, as trustee (the "Trustee") and Tampa Electric Company (the "Company"). Under the Agreement, the Company has agreed to make payments to be used to pay when due the principal of and premium (if any) and interest on the Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Authority under the Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged by the Authority as security for the Bonds. The Bonds are to be payable solely from Revenues.

Reference is made to the opinion of Sheila M. McDevitt, Esq., counsel to the Company, of even date with respect to, among other matters, the corporate status, good standing and qualification to do business of the Company, the corporate power of the Company to enter into and perform the Agreement, the execution and delivery of the Agreement by the Company, and the extent to which the Agreement is binding upon and enforceable against the Company. Reference is also made to the opinion of even date of Holland & Knight, counsel to the Authority, as to the authority, procedures and action of the Authority in connection with the authorization of the Bonds, the Agreement and the Bond Purchase Agreement dated as of September 24, 1990 between the Authority and Kidder, Peabody & Co. Incorporated (the "Purchase Contract"). We have relied upon the foregoing opinions of other counsel with respect to such matters in giving this opinion.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Company contained in the Agreement, the certified proceedings and other certifications of public

officials furnished to us, and certifications furnished to us by or on behalf of the Company, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion that, as of the date hereof and under existing law:

1. The Authority is a validly existing public body corporate and politic created under Florida Statutes §159.45, with all necessary power and authority to enter into and perform its obligations under the Agreement, the Purchase Contract and the Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Authority and the Company and is a valid and binding obligation of each of the Authority and the Company enforceable against the Authority and the Company in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from, and secured by an assignment and pledge by the Authority of, the Revenues.

4. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the facilities financed with the proceeds of the Bonds (the "Facilities") or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds will not be treated as a preference item in calculating the alternative minimum tax imposed under the Code on individuals and corporations. However, interest on the Bonds will be taken into account in determining adjusted current earnings (adjusted net book income for taxable years beginning before January 1, 1990) for purposes of computing the alternative minimum tax imposed on corporations. We call your attention to the fact that failure by the Company or the Authority to comply subsequent to the issuance of the Bonds with certain federal tax law requirements, including requirements regarding the use of the Facilities, the expenditure and investment of Bond proceeds, and the payment of rebates, if any, due to the United States, may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take such action as may be necessary under currently applicable federal income tax law to ensure that interest on the Bonds will remain excluded from gross income of the owners thereof for federal income tax purposes and to refrain from taking any action that would cause interest on the Bonds to be included in such gross income, except with respect to any Bond while it is owned by a substantial user or related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds are to be redeemed within 180 days at par plus accrued interest in whole, or in part to the extent necessary so that interest on the remaining outstanding Bonds will continue to be excluded from gross income for federal income tax purposes.

5. Under Florida Statutes §159.31, the Bonds, their transfer, and the income therefrom (including any profit on the sale thereof) will be free from taxation by the State of Florida or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Yours faithfully,

APPENDIX E

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NEW ISSUE

In the opinion of Bond Counsel, under existing law as of the date of this Official Statement and assuming continued compliance with the applicable requirements of the Internal Revenue Code after the issuance of the Bonds and the satisfaction of the other conditions described under the caption "Tax Exemption", interest on the Bonds will be excluded from gross income for federal income tax purposes, except for interest on any Bond during any period while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the Internal Revenue Code. Interest on the Bonds is not treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, but interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. Under Florida Statutes § 159.31, as in effect on the date of this Official Statement, the Bonds, their transfer and the income therefrom will be free from taxation in the State of Florida, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations. Issuance of the Bonds is subject to the receipt of a favorable tax opinion of Bond Counsel, See "Tax Exemption" therein.

$54,200,000

Hillsborough County Industrial Development Authority
(Florida)
Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Gannon Coal Conversion Project)
Series 1992

Dated: October 27, 1992 **Due: May 15, 2018**

Price: 100% plus interest from October 27, 1992

The Bonds will be limited obligations of the Authority and are payable solely from the payments to be made under a Loan and Trust Agreement by

TAMPA ELECTRIC COMPANY

The Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Long-Term Interest Rate or a Short-Term Interest Rate, at the applicable rate therefor described herein. The initial Interest Rate will be a Daily Interest Rate.

The Bonds will be issuable as fully registered Bonds without coupons during any Short-Term Interest Rate Period in the denomination of multiples of $5,000 with a minimum denomination of $100,000; during any Daily Interest Rate Period or Weekly Interest Rate Period in the denomination of $100,000 and multiples thereof; and during any Long-Term Interest Rate Period in the denomination of $5,000 and multiples thereof. Principal of and premium, if any, on the Bonds will be payable at the principal corporate trust office of NationsBank of Florida, N.A., Tampa, Florida, the Trustee for the Bonds or The Chase Manhattan Bank, N.A., New York, New York, the Paying Agent, Tender Agent and Registrar for the Bonds.

The principal of, premium, if any, and interest on the Bonds in Daily, Weekly or Long-Term Interest Rate Periods, will be payable by the Paying Agent to Cede & Co. So long as DTC or its nominee remains the registered owner of the Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC Participants and Indirect Participants. See "THE BONDS — Book-Entry System" herein.

The Bonds are subject to purchase at the option of the Bondholders and, under certain circumstances, are subject to mandatory purchase, as is more fully described herein. The Bonds are also subject to mandatory and optional redemption by Tampa Electric Company as described herein. The right of Bondholders to retain Bonds subject to mandatory purchase or, under certain circumstances, redemption, is more fully described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE BONDS WILL NOT CONSTITUTE A DEBT OF THE AUTHORITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF UNDER ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER AND SHALL NEVER CONSTITUTE A CHARGE OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF SUCH ENTITIES. THE AUTHORITY HAS NO TAXING POWER.

The Bonds are offered when, as and if issued by the Authority, subject to the approving opinion of Palmer & Dodge, Boston, Massachusetts, as Bond Counsel, and certain other conditions. Delivery of the Bonds is anticipated on or about October 27, 1992, in New York, New York.

Citicorp Securities Markets, Inc.

Dated: October 26, 1992

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 Official Statement in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Company or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities offered hereby, or any such offer or solicitation of such offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY OF TERMS

The following information is qualified in its entirety by the detailed information set forth elsewhere in this Official Statement.

Securities Offered	$54,200,000 Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992.
Issuer	Hillsborough County Industrial Development Authority (Florida).
Company	Tampa Electric Company.
Trustee	NationsBank of Florida, N.A.
Paying Agent, Tender Agent and Registrar . . .	The Chase Manhattan Bank, N.A.
Remarketing Agent and Indexing Agent	Citicorp Securities Markets, Inc..
Anticipated Delivery Date	October 27, 1992 in New York City.
Maturity	May 15, 2018.
Interest	The Bonds will bear interest initially at the Daily Interest Rate, payable on each Interest Payment Date as described herein. The Interest Rate Period may from time to time be adjusted as described herein.
Security	Secured solely by an assignment and pledge of certain rights of the Authority under a Loan and Trust Agreement including its right to amounts payable by the Company on the dates and in the amounts and manner necessary to pay principal of and premium, if any, and interest on all Bonds and a Subordinate Security Interest in the Project.
Bondholders' Right to Demand Purchase	Owners of Bonds shall have the right to have their Bonds purchased (i) by the Tender Agent or the Remarketing Agent on any Business Day during any Daily Interest Rate Period, (ii) by the Tender Agent on any Business Day upon at least seven (7) days' notice during any Weekly Interest Rate Period, and (iii) by the Tender Agent on the day next succeeding the last day of each Short-Term Segment within a Short-Term Interest Rate Period and each Long-Term Interest Rate Period, upon the giving of required notice and certain other conditions as described herein. See "THE BONDS--Purchase of Bonds".
Mandatory Purchase . . .	The Bonds are subject to mandatory purchase by Tampa Electric Company on the day next succeeding the last day of a Short-Term Interest Rate Period as described herein. See "THE BONDS--Purchase of Bonds".
Mandatory Redemption . .	The Bonds are subject to mandatory redemption by the Authority or, in certain cases, purchase by the Company in lieu of redemption (i) on the first day of certain Interest Rate Periods when certain adjustments occur in the type or duration of Interest Rate Periods, (ii) upon certain dates if the Authorized Denominations of the Bonds are altered, and (iii) under certain other

circumstances as provided in the Loan and Trust Agreement. Owners of Bonds may elect to retain such Bonds if the Bonds are subject to redemption or repurchase due to events described in clause (i) above. See "THE BONDS--Redemption of Bonds".

Optional Redemption . . . The Bonds are subject to optional redemption by the Authority at par (i) on any Business Day during any Daily Interest Rate Period or Weekly Interest Rate Period, and on the day next succeeding the last day of such Interest Rate Period, (ii) on the day next succeeding the last day of any Long-Term Interest Rate Period, and (iii) on the day next succeeding the last day of any Short-Term Interest Rate Period. During certain Long-Term Interest Rate Periods, the Bonds are subject to redemption by the Authority as described herein. See "THE BONDS--Redemption of Bonds".

Extraordinary Optional Redemption . . . . . The Bonds are subject to redemption by the Authority at par plus accrued interest, if in the Company's opinion continued operation of the Units is for specified reasons impracticable, uneconomical or undesirable; if all or substantially all of the Units have been condemned or taken by eminent domain; or if an injunction prevents the normal operation of the Units for at least six months.

Special Mandatory Redemption . . . . . The Bonds are subject to mandatory redemption by the Authority at par plus accrued interest if, as a result of the failure of the Company to observe any covenant, agreement or representation in the Loan and Trust Agreement, there is a final determination that interest on the Bonds is not exempt from federal income taxes to any holder with certain exceptions.

Notice Provisions Prior to Redemption . . . . . Notice of redemption shall be given by the Trustee by mail at least 15 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed.

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OFFICIAL STATEMENT

$54,200,000

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
POLLUTION CONTROL REVENUE REFUNDING BONDS
(Tampa Electric Company Gannon Coal Conversion Project)
Series 1992

INTRODUCTORY STATEMENT

This Official Statement of the Hillsborough County Industrial Development Authority (the "Authority"), a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida, sets forth certain information concerning the sale of $54,200,000 aggregate principal amount of the Authority's Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992 (the "Bonds"), to be dated as of the date stated on the cover page and to mature on May 15, 2018 (the "Maturity Date"), subject to prior redemption by the Authority or repurchase by Tampa Electric Company, a Florida corporation (the "Company") as hereinafter described.

The Authority has heretofore issued $60,000,000 aggregate principal amount of its Pollution Control Revenue Refunding Bonds (Gannon Project Trust Coal Conversion Project), Series 1985, all of which remain outstanding (the "1985 Bonds"), to finance a portion of the cost of the acquisition, construction and installation of certain pollution control facilities (the "Project") at Units 1, 2, 3 and 4 of the F. J. Gannon Station (collectively, the "Units") in Hillsborough County, Florida of the Company. The Series 1985 Bonds were issued under a Restated Depositary Agreement dated as of November 1, 1985, among the Authority, The Chase Manhattan Bank, N.A. as Depositary (the "Depositary"), and Gannon Project Trust (the "Trust"), and a Commercial Paper Note Agreement dated as of March 1, 1983, as amended by a First Amendment dated as of February 21, 1984 and a Second Amendment dated as of November 1, 1985, between the Authority and the Trust.

The Bonds will be issued under and pursuant to a Loan and Trust Agreement, dated as of October 26, 1992 (the "Agreement"), among the Authority, the Company and NationsBank of Florida, N.A., as trustee (the "Trustee"). Pursuant to the Agreement, the proceeds of the Bonds will be loaned to the Company who will pay the proceeds to the Gannon Project Trust for the purpose of redeeming all of the outstanding Series 1985 Bonds. The principal of the loan and interest thereon to be made to the Company under the Agreement is payable in installments (the "Revenues") due on the dates, in the amounts and in the manner necessary for the Authority to cause payment to be made to the holders of the Bonds of the principal of and premium, if any, and interest on the Bonds when and as the same shall become due, and will be assigned to the Trustee for such purpose pursuant to the Agreement.

The Bonds may bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate as hereinafter described. All Bonds will initially bear interest at a Daily Interest Rate. The Bonds are subject to conversion to an alternate method for establishing the interest rate at the option of the Company. See "THE BONDS".

The Bonds are subject to mandatory and optional redemption by the Authority. See "THE BONDS -- Redemption of Bonds."

The Bonds are limited obligations of the Authority, secured solely by a pledge and assignment by the Authority to the Trustee of certain of the Authority's rights under the Agreement, including its right to the Revenues and the Subordinate Security Interest (hereinafter described).

The Bonds will not be deemed to constitute a debt, liability or obligation of any authority or county, or the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Hillsborough County, Florida. The Authority has no taxing power.

There follow in this Official Statement brief descriptions of the Authority, the Project, the Bonds and summaries of certain provisions of the Agreement as well as other matters. The descriptions and summaries herein do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Terms not defined herein shall have the meanings set forth in the respective documents, copies of which may be obtained from the Underwriter whose name appears on the cover page hereof. Information concerning the Company is included in Appendix A attached hereto.

THE AUTHORITY

The Authority is a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida. The Authority is authorized by Parts II and III of Chapter 159, Florida Statutes (the "Act") to issue the Bonds to refinance a portion of the cost of the acquisition, construction and installation of the Project and to secure the Bonds as herein described.

THE PROJECT

The proceeds of the Bonds will be used to refinance a portion of the cost of certain pollution control facilities as described below. All of the pollution control equipment at F.J. Gannon Station was put into service by the end of 1985.

F. J. Gannon Station

The proceeds of the Series 1985 Bonds were used to finance a portion of the cost of certain pollution control facilities at the Company's F.J. Gannon Station. F. J. Gannon Station is a coal-fired electric generating facility located on Tampa Bay, near the City of Tampa, in Hillsborough County, Florida. The Project facilities financed in part by the Series 1985 Bonds included electrostatic precipitators, flyash handling, silo and disposal systems, bottom ash handling systems, dewatering bins, waste water systems, electrical equipment and the modification and enlargement of saltwater treatment ponds, dust suppression equipment and modifications to the coal pile runoff system.

Certification

The Florida Department of Environmental Regulation has certified that the air and water pollution control facilities installed at the Units were in furtherance of the purpose of controlling atmospheric pollutants or contaminants or abating or controlling water pollution, as the case may be.

Use of Proceeds

The Authority expects to deposit the aggregate proceeds, excluding accrued interest, received upon the sale of the Bonds in a special fund which will be used exclusively to pay on October 27, 1992, the principal portion of the redemption price of 54,200,000 1985 Bonds outstanding as of that date.

The Trust shall pay to the Depositary for the Series 1985 Bonds in immediately available funds on October 27, 1992 the moneys necessary to pay in full the outstanding principal of, premium on and interest due on the Series 1985 Bonds as of October 27, 1992 not otherwise provided from the proceeds of the Bonds.

Description of the Bonds

The Bonds will be issued in the aggregate principal amount of $54,200,000, will be dated as of the date specified on the cover page of this Official Statement, except as otherwise provided in the Agreement, will mature on the date specified on the cover page of this Official Statement, will be issued in Authorized Denominations and bear interest as described herein under "THE BONDS -- Determination of Interest Rate Periods and Interest Rates" and are being initially offered at the price set forth on the cover page of this Official Statement. The principal of and premium, if any, on the Bonds shall be payable at the principal corporate trust office of The Chase Manhattan Bank, N.A., New York, as paying agent (the "Paying Agent"). Interest on the Bonds shall be paid by check or draft mailed on the Interest Payment Date to the registered owner thereof (which shall mean Depository Trust Company ("DTC") so long as the book-entry system is in effect for the Bonds) as of the Record Date for such Interest Payment Date, at the address shown on the registration books of the Authority kept by The Chase Manhattan Bank, N.A., as bond registrar (the "Registrar") as of the close of business on the applicable record date, or, except for interest in respect of a Long-Term Interest Rate Period, interest shall be paid by wire transfer to the accounts with commercial banks located within the United States of America of those Bondholders which shall have provided wire transfer instructions to the Paying Agent before the close of business on such Record Date, but, in the case of interest payable in respect of a Short-Term Segment, only upon presentation of such Bond for exchange or transfer in accordance with the provisions of the Agreement.

Bonds may be exchanged for fully registered Bonds of any authorized denomination at the principal corporate trust office of the Registrar. The Authority or the Registrar may make a charge for every such exchange or for any registration of transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer, and such charge shall be paid before any such new Bond shall be delivered.

If any Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and deliver a replacement Bond. The Authority and the Trustee may require satisfactory proof and indemnification and payment of all legal, printing and other expenses and any governmental charges in connection with replacing any Bond.

Security for the Bonds

The Bonds will be limited obligations of the Authority payable solely from the Revenues to be paid by the Company pursuant to the Agreement. In the Agreement, the Company has agreed to make payments on the dates, in the amounts and in the manner necessary to pay the principal of and premium, if any, and interest on the Bonds when and as the same shall become due. The Company has also granted to the Authority a subordinated security interest (the "Subordinated Security Interest") in the Project to secure the Company's obligations relating to the Bonds, which Subordinated Security Interest is subordinate to the lien of the Company's First Mortgage Bonds and to any future security interest or lien securing obligations of the Company under any indenture or other instrument which expressly provides that such security interest or lien shall be superior to the Subordinated Security Interest. See "THE LOAN AND TRUST AGREEMENT -- Creation of Subordinated Security Interest." The Authority has pledged and assigned to the Trustee, as security for the payment of the principal of and premium, if any, and interest on the Bonds, its rights under the Agreement, including its rights to the Revenues and the Subordinated Security Interest, except its rights to payment of certain costs and expenses and to indemnification.

Although the Company has not elected to do so, it may in the future elect to provide credit enhancement for the Bonds which may include a letter of credit or insurance or the issuance of a series of First Mortgage Bonds (the "First Mortgage Bonds") under its Indenture of Mortgage, dated as of August 1, 1946 (the "First Mortgage"), in such amounts and maturities and bearing such rates of interest as shall coincide with the principal and interest becoming due on the Bonds, all as further described in "THE LOAN AND TRUST AGREEMENT - Pledge of First Mortgage Bonds."

The Bonds, together with interest and premium, if any, thereon, will not be deemed to constitute a debt, liability or obligation of any authority or county of the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Hillsborough County. Neither any authority or county nor the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Hillsborough County, Florida, is obligated to pay the principal of the Bonds or the interest or premium, if any, thereon, except from the Revenues, and neither the general faith and credit nor the taxing power of any authority or county of the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Hillsborough County, is pledged for the payment of the principal of, premium, if any, or interest on the Bonds.

NationsBank of Florida, N.A. is the Trustee under the Agreement. Its principal corporate trust office is located at 400 North Ashley Drive, Tampa, Florida 33602. The Chase Manhattan Bank, N.A., has been appointed Tender Agent and Registrar by the Company under the Agreement and is also Paying Agent. Its principal corporate trust office is One Chase Manhattan Plaza, New York, New York 10005. One or more co-paying agents may be appointed, and the Paying Agent, any co-paying agent, the Tender Agent and the Registrar may be removed or replaced by the Company.

Citicorp Securities Markets, Inc. has been appointed Remarketing Agent and Indexing Agent by the Company under the Agreement. The principal office of the Remarketing Agent and Indexing Agent is located at 399 Park Avenue, New York, New York 10043. The Remarketing Agent and the Indexing Agent may be removed or replaced by the Company.

Book-Entry System

DTC will act as securities depository for the Bonds during Daily, Weekly or Long-Term Interest Rate Periods. Such Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for the Bonds in the aggregate principal amount of such issue, and will be deposited with 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 Securities Exchange Act of 1934. DTC holds securities that its participants ("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 a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds 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 Bonds, except in the event that use of the book-entry system from the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 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 shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor CEDE & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and premium, if any, and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriter or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority, the Trustee or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Underwriter. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Authority and the Company believe to be reliable, but the Authority and the Company take no responsibility for the accuracy thereof.

None of the Authority, the Company, the Underwriter, the Paying Agent or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in any Global Bond or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Determination of Interest Rate Periods and Interest Rates

The following are definitions of certain terms used in the Agreement and used in this Official Statement:

"Alternate Long-Term Interest Rate Index" means 60% of the average annual yield shown for United States Treasury Notes or Bonds having the same number of 30-day periods to maturity as the number of such periods in the applicable Long-Term Interest Rate Period, as published in the "Federal Reserve Bulletin" (published by the Board of Governors of the Federal Reserve System in Washington, D.C.) most recently published prior to the date of determination of the Alternate Long-Term Interest Rate Index as computed by the Indexing Agent; provided, however, that, if the most recently published "Federal Reserve Bulletin" does not publish a yield for United States Treasury Notes or Bonds having the number of 30-day periods to maturity described above, the Alternate Long-Term Interest Rate Index shall mean 60% of the assumed yield for United States Treasury Notes or Bonds having the same number of 30-day periods to maturity as the number of 30-day periods in the applicable Long-Term Interest Rate Period, determined by linear interpolation based on the yield for United States Treasury Notes or Bonds having the next shorter number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period and the yield for United States Treasury Notes or Bonds having the next longer number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period, as published in such "Federal Reserve Bulletin," as computed by the Indexing Agent.

"Authorized Denominations" means with respect to any Long-Term Interest Rate Period, $5,000 or any multiple thereof; with respect to any Daily Interest Rate Period or Weekly Interest Rate Period, $100,000 or any multiple thereof; and, with respect to any Short-Term Interest Rate Period, $100,000 or any multiple of $5,000 in excess of $100,000.

"Authorized Officer" means: (i) in the case of the Authority, the Chairman, Vice Chairman, Secretary or Assistant Secretary and when used with reference to an act or document of the Authority also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Company, the President, any Vice President, Treasurer or any Assistant Treasurer and when used with reference to an act or document of the Company, also means any other person or persons authorized to perform the act or execute the document.

"Base Rate" means the index computed each week on Tuesday, or on the next preceding Business Day if any such Tuesday is not a Business Day, by the Indexing Agent, consisting of (A) the arithmetical average of (i) a composite of the rates on 30-day tax-exempt commercial paper and six-month tax-exempt notes, (ii) 53% of the highest published base rate for commercial loans made by large U.S. money center commercial banks, as most recently published in The Wall Street Journal or a successor publication selected by the Company and providing similar information, (iii) 53% of the bond equivalent yield of six-month Treasury bills, and (iv) 53% of the interest rate on 30-day commercial paper rated by either Moody's or S&P in their highest short-term rating category, or (B) such other components as such Indexing Agent shall select which shall be readily ascertainable and shall be designed to produce a comparable Base Rate.

"Business Day" means a day on which banks in each of the cities in which the principal offices of the Trustee, the Paying Agent, and, if applicable, the Remarketing Agent are located, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Daily Interest Rate Period" means each period during which Bonds bear interest at Daily Interest Rates.

"Debt Service Fund" means the fund established and so designated by the Agreement.

"Delivery Date" means, with respect to a Bond tendered for purchase at the election of the Bondholder, the Purchase Date or any subsequent Business Day on which such Bond is delivered to the Paying Agent.

"Interest Payment Date" means (i) with respect to any Daily Interest Rate Period, the first Business Day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month, or if such Wednesday shall not be a Business Day, the next succeeding Business Day, (iii) with respect to any Long-Term Interest Rate Period, the first day of the sixth calendar month following the effective date of such Long-Term Interest Rate Period, and the first day of each successive sixth calendar month, if any, of such Long-Term Interest Rate Period, (iv) with respect to any Short-Term Segment, the Business Day next succeeding the last day thereof and (v) with respect to each Interest Rate Period, in addition to the dates described above the day next succeeding the last day of each Interest Rate Period. Interest shall be payable through each Interest Payment Date

on the basis of a year of 365 or 366 days and actual days elapsed in Short-Term, Daily and Weekly Rate Periods and a 360-day year consisting of twelve 30-day months in Long-Term Interest Rate Periods.

"Interest Rate Period" means any Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period.

"Long-Term Interest Rate Index" means an assumed yield computed by the Indexing Agent for representative general obligation securities rated comparably to the Bonds and having the same number of 30-day periods to maturity as the number of such periods in the applicable Long-Term Interest Rate Period (determined by linear interpolation based on the yield for such securities having the next shorter number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period and the yield for such securities having the next longer number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period), as most recently published before the date of determination thereof by such Indexing Agent.

"Long-Term Interest Rate Period" means each period during which a Long-Term Interest Rate is in effect.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Record Date" means with respect to any Interest Payment Date in respect of a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Segment, the Business Day next preceding such Interest Payment Date and, with respect to any Interest Payment Date in respect of a Long-Term Interest Rate Period, the fifteenth day next preceding such Interest Payment Date.

"S&P" means Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Short-Term Base Rate" shall mean with respect to any Short-Term Segment, the percentage per annum equal to the 30-day (if such Short-Term Segment is from 1 to 30 days in length), the 60-day (if such Short-Term Segment is from 31 to 60 days in length), the 90-day (if such Short-Term Segment is from 61 to 180 days in length), or the 270-day (if such Short-Term Segment is from 181 to 270 days in length), tax-exempt commercial paper rate most recently published, prior to the time of the determination of the Short-Term Interest Rate with respect to such Short-Term Segment, by Munifacts Wire System, Inc. or such other publisher as the Indexing Agent may select, or if such rate shall no longer be published, as determined by the Indexing Agent on the date of the determination of such Short-Term Interest Rate. Such tax-exempt commercial paper rate shall represent the average of 30-day, 60-day, 90-day or 270-day, as the case may be, yield evaluations at par of securities, the interest on which is exempt from federal income taxation, of issuers of commercial paper which are rated by Moody's or S&P in its highest commercial paper rating category.

"Short-Term Interest Rate Period" means each period, comprised of one or more Short-Term Segments, during which Bonds bear interest at Short-Term Interest Rates.

"Short-Term Segment" means a period from one to 270 days within a Short-Term Interest Rate period during which a Short-Term Interest Rate is in effect.

"Treasury Rate" means the interest rate applicable to 13-week United States Treasury bills determined by the Indexing Agent on the basis of the average per annum discount rate at which such 13-week Treasury bills shall have been sold at the most recent Treasury auction.

"Weekly Interest Rate Period" means each period during which Bonds bear interest at Weekly Interest Rates.

The term of the Bonds will be divided into consecutive Interest Rate Periods during each of which the Bonds will bear interest as described below.

SO LONG AS THE BOOK-ENTRY SYSTEM IS IN EFFECT, A BENEFICIAL OWNER SHALL GIVE NOTICE TO ELECT TO HAVE ITS BONDS PURCHASED OR TENDERED, THROUGH ITS PARTICIPANT, TO THE TENDER AGENT, AND SHALL EFFECT DELIVERY OF SUCH BONDS BY CAUSING THE DIRECT PARTICIPANT TO TRANSFER THE PARTICIPANT'S INTEREST IN THE BONDS, ON DTC'S RECORDS, TO THE TENDER AGENT. THE REQUIREMENT FOR PHYSICAL DELIVERY OF BONDS IN CONNECTION WITH A DEMAND FOR PURCHASE OR A MANDATORY PURCHASE WILL BE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DIRECT PARTICIPANTS ON DTC'S RECORDS.

Short-Term Interest Rate Period

Short-Term Segments and Short-Term Interest Rates. During each Short-Term Interest Rate Period, each Bond will bear interest during each Short-Term Segment for such Bond at the Short-Term Interest Rate. The Short-Term Segment and Short-Term Interest Rate for each Bond will be determined by the Remarketing Agent on the first day of each Short-Term Segment or on a Business Day selected by the Remarketing Agent not more than five Business Days prior to the first day of such Short-Term Segment, provided however, that no Short-Term Segment (other than for a Bond purchased on behalf of the Company and remaining unsold in the hands of the Remarketing Agent as of the close of business on the effective date of such Short-Term Segment) will be for a period of days less than the minimum number or greater than the maximum number of days announced no later than 2:00 p.m., New York time, on the Business Day immediately preceding the first day of any Short-Term Segment by the Remarketing Agent as possible Short-Term Segments. Each Short-Term Segment will be a period of not less than such minimum number nor greater than such maximum number of days so announced and not more than 270 days, determined by the Remarketing Agent to be the period which, together with all other Short-Term Segments for all Bonds then outstanding, will result in the lowest overall interest expense on the Bonds over the next succeeding 270 days; provided, however, that any such Bond purchased on behalf of the Company and remaining unsold in the hands of the Remarketing Agent as of the close of business on the effective date of the Short-Term Segment for such Bond will have a Short-Term Segment of one day or, if such Short-Term Segment would not end on a day immediately preceding a Business Day, a Short-Term Segment of more than one day ending on the day immediately preceding the next Business Day; provided further, however, that (x) each Short-Term Segment shall end on a day which immediately precedes a Business Day or on the day prior to the Maturity Date, and (y) if for any reason a Short-Term Segment for any Bond so determined shall be held to be invalid or unenforceable by a court of law, or if the Remarketing Agent fails to determine a Short-Term Segment, (1) such Short-Term Segment will have the same number of days as the immediately preceding Short-Term Segment for such Bond, (2) if there should be no such immediately preceding Short-Term Segment, the Short-Term Segment shall be 30 days, (3) if the last day determined in accordance with clause (1) or (2) above shall not be a day immediately preceding a Business Day, the Short-Term Segment shall end on the first day immediately preceding the Business Day next succeeding such last day, or (4) if such last day would be after the day prior to the Maturity Date, the Short-Term Segment shall end on the day prior to the Maturity Date.

In determining the number of days in each Short-Term Segment, the Remarketing Agent will take into account the following factors: (I) existing and expected short-term taxable and tax-exempt market rates and indices of such short-term rates, (II) existing and expected market supply and demand for short-term taxable and tax-exempt securities in both the new issue and secondary markets, (III) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the Bonds, (IV) general economic and financial conditions, (V) industry, economic and financial conditions that may affect or be relevant to the Bonds, (VI) estimated transaction costs and administrative costs, (VII) the general desirability of diversified Short-Term Segments so as to minimize the risk of unforeseen temporary shifts in interest rates and (VIII) such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

The Short-Term Interest Rate for each Short-Term Segment for each Bond will be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the rate which, if borne by such Bond on such date of determination, would enable the Remarketing Agent to sell such Bond on the day on which such determination is made at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that (x) if for any reason a Short-Term Interest Rate so determined for any Short-Term Segment shall be held to be invalid or unenforceable by a court of law, the Short-Term Interest Rate for such Short-Term Segment will be the lesser of (I) the rate (not less than 80% of the Short-Term Base Rate) determined by the Remarketing Agent to be the minimum rate which, if borne by such Bond, would enable the Remarketing Agent to sell such Bond on such date at a price (without regard to accrued interest) equal to the principal amount thereof and (II) 120% of the Short-Term Base Rate, as determined by the Remarketing Agent, (y) if for any reason, the Short-Term Interest Rate for any Short-Term Segment cannot be determined as hereinabove provided, the Short-Term Interest Rate for such Short-Term Segment will be a percentage per annum, determined by the Remarketing Agent on the basis of the table set forth below, equal to the applicable percentage of the interest rate for taxable commercial paper (prime paper placed through dealers) of the applicable term most recently announced by the Federal Reserve Bank of New York at the time of such determination (where t = the maximum marginal corporate tax rate of federal income taxation):

Term of the Next Short-Term Segment	Applicable Term of Taxable Commercial Paper	Applicable Percentage
1 - 30 days	30 days	(1-t)-0.10(1-t)
31 - 60 days	60 days	(1-t)-0.05(1-t)
61 - 180 days	90 days	(1-t)+0.05(1-t)
181 - 270 days	180 days	(1-t)+0.10(1-t)

and (z) in no event shall any Short-Term Interest Rate be greater than 14% per annum.

Adjustment to Short-Term Interest Rate. The interest rate borne by the Bonds will be adjusted to a Short-Term Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice from the Company, which notice shall specify the effective date of the Short-Term Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the date of receipt by the Paying Agent and Trustee of such notice; (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of such Long-Term Interest Rate Period; provided, however, that, if prior to the Company's giving such notice any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Short-Term Interest Rate Period will not precede such redemption date. Such notice, if given during a Long-Term Interest Rate Period, may also specify the date prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice regarding the election to have their Bonds purchased and (2) such Bonds. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period, each Bond shall bear interest at a Short-Term Interest Rate during each Short-Term Segment for such Bond.

Notice of Adjustment to Short-Term Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Short-Term Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (1) that during such Short-Term Interest Rate Period, each Bond will have consecutive Short-Term Segments during each of which such Bond will bear a Short-Term Interest Rate, (2) the effective date of such Short-Term Interest Rate Period, (3) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (4) the procedures of such purchase, (5) that for each Bond, a Short-Term Segment and a Short-Term Interest Rate therefor will be determined not later than the first day of each such Short-Term Segment, (6) how such Short-Term Segments and Short-Term Interest Rates may be obtained from the Remarketing Agent, (7) that interest on each Bond will be paid on the day next succeeding each Short-Term Segment, but only upon presentation of such Bond, (8) that, subsequent to such

effective date, each Bond shall be purchased on the day following the last day of each Short-Term Segment with respect thereto unless the owner of such Bond shall elect to retain such Bond, (9) the procedures for making such election, and (10) the redemption provisions that will apply to the Bonds during such Short-Term Interest Rate Period. If such notice is given during a Long-Term Interest Rate Period, such notice shall also state that all or that portion of Bonds not in Authorized Denominations are thereby called for redemption.

Adjustment from Short-Term Interest Rate Period. As a condition precedent to the election during a Short-Term Interest Rate Period to adjust to a different Interest Rate Period, the Company shall select (which selection shall be contained in the Company's notice directing an adjustment to a Daily Interest Rate Period or a Weekly Interest Rate Period, or directing an adjustment to or continuation of a Long-Term Interest Rate Period) one of the following two alternatives:

(1) determine Short-Term Segments of such duration that, as soon as possible, all Short-Term Segments shall end on the same date, not less than the 15th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of the Company's direction effecting such election; or

(2) determine Short-Term Segments that will, in the judgment of the Remarketing Agent, best promote an orderly transition to the next succeeding Interest Rate Period.

If alternative (1) above shall be selected, the date on which all Short-Term Segments so determined shall end shall be the last day of the then current Short-Term Interest Rate Period and the day next succeeding such date shall be the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. If alternative (2) shall be selected, beginning not less than the 15th day following the fifth Business Day after the receipt by the Trustee and the Paying Agent of the direction of the Company, the day next succeeding the last day of the then current Short-Term Segment with respect to each Bond shall be, with respect to such Bond, the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. The Remarketing Agent, promptly upon the determination thereof, shall give written notice of such last day and such effective dates to the Authority, the Company, the Paying Agent and the Trustee.

An adjustment from a Short-Term Interest Rate Period, as described under alternative (2) above, may result in some of the Bonds bearing interest at a Daily Interest Rate, Weekly Interest Rate or Long-Term Interest Rate while other Bonds continue to bear interest at Short-Term Interest Rates. The references in this Official Statement to Short-Term Interest Rate Periods and Short-Term Segments therein, Daily Interest Rates and Periods, Weekly Interest Rates and Periods and Long-Term Interest Rates and Periods refer, during any such transitional period, to those Bonds bearing interest at such Interest Rates.

Daily Interest Rate Period

Daily Interest Rate. During each Daily Interest Rate Period, Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for the Business Day next succeeding such date of determination and may be determined by the Remarketing Agent for any day that is not a Business Day on any such day during which there shall be active trading in tax-exempt obligations comparable to the Bonds for such day.

The Daily Interest Rate shall be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the interest rate which, if borne by the Bonds on such date of determination, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that with respect to any day that is not a Business Day, if the Remarketing Agent shall not have determined a Daily Interest Rate for any such day, the Daily Interest Rate shall be the same as the Daily Interest Rate for the immediately preceding day.

If for any reason a Daily Interest Rate so determined for any day shall be held to be invalid or unenforceable by a court of law, the Daily Interest Rate for such day shall be the lesser of (1) the rate (not less than 80% of the Base Rate) determined by the Remarketing Agent to be the minimum rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal to the principal amount thereof, and (2) 120% of the Base Rate, as determined by the Remarketing Agent. If for any reason the Daily Interest Rate cannot be determined for any day as provided, the Daily Interest Rate for such day shall be a percentage per annum equal to 60% of Treasury Rate. In no event shall the Daily Interest Rate be greater than 14% per annum.

Adjustment to Daily Interest Rate. The interest rate borne by the Bonds shall be adjusted to a Daily Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice from the Company, which notice shall specify the effective date of the adjustment to a Daily Interest Rate which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of such notice, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then current Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice, if given during a Long-Term Interest Rate Period, may also specify the date or dates prior to such effective date on or prior to which the owners may deliver (1) notice regarding purchase of their Bonds and (2) such Bonds.

Notice of Adjustment to Daily Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Daily Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with alternative (2) under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period") of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Daily Interest Rate, (2) the effective date of such Daily Interest Rate Period, (3) the method by which the Daily Interest Rate shall be determined, (4) the Interest Payment Dates after such effective date, (5) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (6) the procedures of such purchase, (7) that, subsequent to such effective date, the owners of Bonds will have the right to require the purchase of Bonds on any Business Day, (8) the procedures of such purchase, and (9) the redemption provisions that will pertain to the Bonds during such Daily Interest Rate Period. If such notice is given during a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, such notice also shall state that all or portions of Bonds not in Authorized Denominations are thereby called for redemption.

Weekly Interest Rate Period

Weekly Interest Rate. During each Weekly Interest Rate Period, the Bonds shall bear interest at the Weekly Interest Rate, determined by the Remarketing Agent no later than 9:30 a.m. on the first day of each new Weekly Interest Rate Period and thereafter no later than 9:30 a.m. on the Business Day next preceding Wednesday of each week during such Weekly Interest Rate Period.

The Weekly Interest Rate shall be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the interest rate which, if borne by the Bonds on the date of such determination, would enable the Remarketing Agent to sell the Bonds on such Business Day at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof. If the Remarketing Agent shall not have determined a Weekly Interest Rate for any period, the Weekly Interest Rate for such period shall be the same as the Weekly Interest Rate for the immediately preceding period. If for any reason a Weekly Interest Rate so determined for any period shall be held to be invalid or unenforceable by a court of law, the Weekly Interest Rate for such period shall be the lesser of (1) the rate (not less than 80% of the Base Rate) determined by the Remarketing Agent to be the rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal to the principal amount thereof and (2) 120% of the Base Rate, as determined by the Remarketing Agent. If for any reason the Weekly Interest Rate cannot

be determined for any period as provided, the Weekly Interest Rate for such period shall be a percentage per annum equal to 65% of the Treasury Rate. In no event shall the Weekly Interest Rate be greater than 14% per annum.

The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday; provided, however, if any such Tuesday shall be the day next preceding the first Wednesday of a month which shall not be a Business Day, then the Weekly Interest Rate for such period shall not end on such Tuesday, but shall continue to the day next preceding the first Business Day next succeeding such Wednesday, and the Weekly Interest Rate for the next succeeding period shall apply to the period commencing on such first Business Day and provided, further, if a Weekly Interest Rate Period shall end on a day other than Tuesday, the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day.

Adjustment to Weekly Interest Rate. The Interest Rate borne by the bonds shall be adjusted to a Weekly Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice by the Company, which notice shall specify the effective date of such adjustment to a Weekly Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after receipt by the Paying Agent and the Trustee of such notice, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then current Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under "THE BONDS -- Short-Term Interest Rate Period -- Adjustment from Short-Term Interest Rate Period." Such notice, if given during a Long-Term Interest Rate Period, may also specify a date or dates prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice demanding the purchase of their Bonds and (2) such Bonds.

Notice of Adjustment to Weekly Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Weekly Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with alternative (2) under "THE BONDS -- Short-Term Interest Rate Period -- Adjustment from Short-Term Interest Rate Period") of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Weekly Interest Rate, (2) the effective date of such Weekly Interest Rate Period, (3) the method by which the Weekly Interest Rate shall be determined, (4) the Interest Payment Dates after such effective date, (5) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (6) the procedures of such purchase, (7) that, subsequent to such effective date, the owners of Bonds will have the right to require the purchase of their bonds on any Business Day upon not less than seven days' notice, (8) the procedures of such purchase, and (9) the redemption provisions that will pertain to the Bonds during such Weekly Interest Rate Period. If such notice is given during a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, such notice also shall state that all or portions of Bonds not in Authorized Denominations are thereby called for redemption.

Long-Term Interest Rate Period

Long-Term Interest Rate. During each Long-Term Interest Rate Period, the Bonds shall bear interest at the Long-Term Interest Rate determined by the Remarketing Agent on a Business Day selected by the Remarketing Agent, not more than 15 days prior to the effective date of such Long-Term Interest Rate Period.

The Long-Term Interest Rate shall be the rate determined by the Remarketing Agent on such date, and filed on such date with the Paying Agent, the Trustee and the Company, by written notice or by telephone promptly confirmed by telecopy or other writing, as being the rate (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) which, if borne by the Bonds on such date, would enable the Remarketing Agent to sell the Bonds on such Business Day at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof.

If for any reason a Long-Term Interest Rate so determined for any period shall be held to be invalid or unenforceable by a court of law, the Long-Term Interest Rate for such period shall be the lesser of (1) the rate (not less than 80% of the Long-Term Interest Rate Index) determined by the Remarketing Agent to be the minimum rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof, and (2) 120% of the Long-Term Interest Rate Index, as determined by the Remarketing Agent. If for any reason, a Long-Term Interest Rate for the Bonds cannot be determined as provided above, the Long-Term Interest Rate for the Bonds shall be a percentage per annum equal to the Long-Term Interest Rate Index or if for any reason such Long-Term Interest Rate Index cannot be determined, the Long-Term Interest Rate for such Long-Term Interest Rate Period shall be a percentage per annum equal to the Alternate Long-Term Interest Rate Index, as determined by the Remarketing Agent. In no event shall the Long-Term Interest Rate be greater than 14% per annum.

Adjustment to or Continuation of Long-Term Interest Rate. The interest rate borne by the Bonds shall be adjusted to or continued as a Long-Term Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent, of a written notice from the Company, which notice shall specify the duration of the Long-Term Interest Rate Period during which the Bonds shall bear interest at such rate. Such notice may specify two or more consecutive Long-Term Interest Rate Periods and, if it so specifies, shall specify the duration of each such Long-Term Interest Rate Period as provided in this paragraph. Such notice shall specify the effective date of such Long-Term Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after receipt by the Trustee of such notice from the Company, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of such Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under the "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice shall specify the last day of such Long-Term Interest Rate Period (which shall be either the day preceding the maturity date of the Bonds, or a day which both immediately precedes a Business Day and is more than 270 days after such effective date) and, if given during a Long-Term Interest Rate Period, may also specify a date or dates prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice demanding the purchase of their Bonds and (2) such Bonds.

If, by the fifth Business Day preceding the 15th day prior to the last day of any Long-Term Interest Rate Period, the Paying Agent and the Trustee shall not have received notice of the Company's election that during the next succeeding Interest Rate Period, the Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period of the same duration as the immediately preceding Long-Term Interest Rate Period; provided, however, that if the last day of any succeeding Long-Term Interest Rate Period shall not be a day immediately preceding a Business Day, then such succeeding Long-Term Interest Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day or, if such Long-Term Interest Rate Period would end after the day prior to the Maturity Date, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period ending on the day prior to the Maturity Date. In either case no opinion of bond counsel need be delivered.

Notice of Adjustment to or Continuation of Long-Term Interest Rate Period. The Paying Agent shall give notice of an adjustment to or continuation of a Long-Term Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date of such Long-term interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to, or continue to be, a Long-Term Interest Rate, (2) the effective date and the last day of such Long-Term Interest Rate Period, (3) that the Long-Term Interest Rate for such Long-Term Interest Rate Period will be determined on or prior to the effective date thereof, (4) how such Long-Term Interest Rate may be obtained from the Remarketing Agent, (5) the Interest Payment Dates after such effective date, (6) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (7) the procedures for such purchase, (8) that, during such Long-Term Interest Rate Period, owners of Bonds will not have the right to require the purchase of Bonds, except on the day following the last day of such Long-Term Interest Rate Period, and (9) the redemption provisions that will pertain to the Bonds during such Long-Term Interest Rate Period.

Adjustment of Interest Rate Period by Remarketing Agent

At any time during a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Interest Rate Period, the Remarketing Agent may adjust the Interest Rate Period to any other Interest Rate Period (except a Long-Term Interest Rate Period), if in the judgment of the Remarketing Agent, after consultation with the Company, such an adjustment would result in the lowest overall interest expense on the Bonds for a period of at least 90 days. To accomplish such an adjustment of an Interest Rate Period, the Remarketing Agent shall deliver a written direction to the Authority, the Company, the Paying Agent and the Trustee, similar to the written direction the Company is required to give as described under the subcaptions "Short-Term Interest Rate Period – Adjustment to Short-term Interest Rate", "Daily Interest Rate Period–Adjustment to Daily Interest Rate" and "Weekly Interest Rate Period – Adjustment to Weekly Interest Rate" and such notice shall have the same effect as if it had been given by the Company.

Determinations Binding

The establishment and determination of the various interest rates, interest indices and the basis therefor and the various Interest Rate Periods referred to herein by the Indexing Agent or the Remarketing Agent, as the case ~~may be, shall be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the Authority,~~ the Company and the owners of the Bonds.

Failure to Adjust Interest Rate Period

In the event that an attempted adjustment from one Interest Rate Period to another Interest Rate Period as provided in the Agreement does not become effective, the Interest Rate Period then in effect shall continue in effect (or if such Interest Rate Period is a Long-Term Interest Rate Period, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period of the same duration as the then-existing Long-Term Interest Rate Period as nearly as possible), but any purchases of Bonds or mandatory redemptions of Bonds (and purchases in lieu of certain mandatory redemptions) which would have taken place on the proposed effective date of such adjustment shall take place as if such attempted adjustment were in fact effective.

Purchase of Bonds

Daily Interest Rate Period. During any Daily Interest Rate Period and on the day (which must be a Business Day) next succeeding the last day of each Daily Interest Rate Period, any Bond shall be purchased by the Tender Agent or the Remarketing Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon (i) delivery by the owner of such Bond to the Tender Agent at its principal office or to the Remarketing Agent at its principal office, by no later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, which states the principal amount and number of such Bond and (ii) delivery of such Bond to the Tender Agent (if such notice was delivered to the Tender Agent) at its principal office, or the Remarketing Agent (if such notice was delivered to the Remarketing Agent) at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent or the Remarketing Agent, as the case may be, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 12:00 noon, New York time, on such Business Day.

Weekly Interest Rate Period. During any Weekly Interest Rate Period and on the day (which must be a Business Day) next succeeding the last day of each Weekly Interest Rate Period, any Bond shall be purchased from its owner by the Tender Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon (i) delivery by the owner of such Bond to the Tender Agent at its principal office of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing which states the principal amount and number of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent, and (ii) delivery of such Bond to the Tender Agent at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or

ember firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York time, on the date specified i such notice.

On Day Next Succeeding the Last Day of Each Short-Term Segment or Long-Term Interest Rate Period. n the day next succeeding the last day of each Short-Term Segment or Long-Term Interest Rate Period, any Bond all be purchased from its owner by the Tender Agent, at a purchase price equal to the principal amount thereof on (i) delivery by the owner of such Bond to the Tender Agent at its principal office on or prior to the date ecified for such delivery in the notice of the adjustment to such Interest Rate Period delivered as described under te subcaptions "Short-Term Interest Rate Period--Adjustment to Short-Term Interest Rate"; "Daily Interest Rate Period--Adjustment to Daily Interest Rate"; "Weekly Interest Rate Period--Adjustment to Weekly Interest Rate"; ad "Long-Term Interest Rate Period -- Adjustment to or Continuation of Long-Term Interest Rate," or, if no such ate shall have been so specified, on or prior to (A) in the case of a Short-Term Segment not later than 3:00 p.m. New York time, on the second Business Day (or if a Short-Term Segment has a term of only one day, then not later than 3:00 p.m., New York time on the Business Day) prior to such day or, (B) in the case of a Long-Term Rate Period the seventh day preceding the first day of the next succeeding Interest Rate Period, of an irrevocable written notice or an irrevocable telephonic notice promptly confirmed by telecopy or other writing, which states the principal amount and number of such Bond, and (ii) delivery of such Bond to the Tender Agent at its principal office accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by the bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York Time, on the date specified for such delivery in the notice of the adjustment to such Interest Rate Period delivered as described under the subcaptions "Short-Term Interest Rate Period--Adjustment to Short-Term Interest Rate"; "Daily Interest Rate Period--Adjustment to Daily Interest Rate"; "Weekly Interest Rate Period--Adjustment to Weekly Interest Rate"; and "Long-Term Interest Rate Period--Adjustment to or Continuation of Long-Term Interest Rate", or, if no such date shall have been so specified, on the first day of the next succeeding Interest Rate Period.

On Day Next Succeeding Last Day of a Short-Term Interest Rate Period. On the day next succeeding the last day of each Short-Term Interest Rate Period for a Bond, such Bond shall be purchased from its owner by the Tender Agent, at a purchase price equal to the principal amount thereof unless such owner shall deliver to the Tender Agent at its principal office not later than 3:00 p.m. New York time, on the second Business Day (or if a Short-Term Segment has a term of only one day, then not later than 3:00 p.m., New York time on the Business Day) prior to such day, such Bond together with written notice which states the principal amount and number of such Bond and that such Bond shall not be so purchased. The purchase price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange.

Remarketing of Bonds

Upon the giving of notice to the Remarketing Agent by any Bondholder as described under the caption "THE BONDS--Purchase of Bonds--Daily Interest Rate Period," the Remarketing Agent shall offer for sale and use its best efforts to sell at the best available price the Bonds referred to in such notice on the date on which such Bonds are to be purchased; provided that the Remarketing Agent shall not sell any Bond if the amount to be received from the sale of such Bond is less than the purchase price to be paid for such Bond.

Purchase of Bonds by Paying Agent or Remarketing Agent

On the date Bonds are to be purchased by the Remarketing Agent as described in "THE BONDS--Purchase of Bonds--Daily Interest Rate Period," and on the date any Bonds are to be purchased by the Paying Agent as described in "THE BONDS--Purchase of Bonds," the Paying Agent or Remarketing Agent, as the case may be, shall purchase such Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(a) proceeds of the sale of such Bonds by the Paying Agent or Remarketing Agent; and

(b) moneys furnished by the Company for such purpose pursuant to its obligations under the Agreement.

Irrevocable Notice or Failure to Give Notice Deemed to be Tender of Bond. The giving of notice or the failure to give notice shall constitute the irrevocable tender for purchase of each Bond with respect to which such notice shall have been given or not given, as the case may be, irrespective of whether such Bond shall be delivered as provided above. Upon the purchase by the Tender Agent or the Remarketing Agent, as the case may be, of each Bond so tendered or deemed to be tendered, such Bond shall cease to bear interest payable to the former owner thereof, who thereafter shall have no rights with respect thereto, other than the right to receive the purchase price thereof upon surrender of such Bond to the Tender Agent or the Remarketing Agent, as the case may be, and such Bond shall no longer be deemed outstanding.

Redemption of Bonds

Optional Redemption - Short-Term Interest Rate Period. On the day next succeeding the last day of any Short-Term Segment during any Short-Term Interest Rate Period with respect to any Bond, such Bond shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of its principal amount, plus accrued interest, if any, to the redemption date.

Optional Redemption - Daily Interest Rate Period or Weekly Interest Rate Period. On any Business Day during a Daily Interest Rate Period or a Weekly Interest Rate Period, and on the day next succeeding the last day of each such Interest Rate Period, the Bonds are subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of their principal amount, plus accrued interest, if any, to the redemption date.

Optional Redemption - Long-Term Interest Rate Period. During any Long-Term Interest Rate Period, and on the day next succeeding the last day of each Long-Term Interest Rate Period, the Bonds shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole at any time or in part from time to time, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued interest, if any, to the redemption date:

Length of Rate Period	No Call Period	Redemption Price
Greater than 15 years	10 years	102%, declining by 1% on each succeeding anniversary of the redemption period after the no call period until reaching 100% and thereafter at 100%
Greater than 12 but not greater than 15 years	8 years	102%, declining by 1% on each succeeding anniversary of the redemption period after the no call period until reaching 100% and thereafter at 100%
Greater than 9 but not greater than 12 years	6 years	101%, declining by 1% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 6 but not greater than 9 years	4 years	100-1/2%, declining by 1/2% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 3 but not greater than 6 years	2 years	100-1/2%, declining by 1/2% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 1 but not greater than 3 years	1 year	100%
1 year or less	Bonds not subject to optional redemption until commencement of next Long-Term Interest Rate Period	

Mandatory Redemption on First Day of Certain Interest Rate Periods. The Bonds shall be subject to mandatory redemption by the Authority at a redemption price specified in the second immediately succeeding paragraph (i) on the first day of each Long-Term Interest Rate Period (other than a Long-Term Interest Rate Period immediately succeeding a Long-Term Interest Rate Period of more than one year in duration, both of which shall be equal in length, as nearly as possible); (ii) on the first day of each Daily Interest Rate Period and Weekly Interest Rate Period which follows a Long-Term Interest Rate Period; and (iii) on the first day of each Short-Term Interest Rate Period; provided, that there shall not so be redeemed (a) Bonds which shall have been tendered for purchase and purchased by the Tender Agent or Remarketing Agent as described under the heading "THE BONDS--Purchase of Bonds" either on such redemption date or on any day during the 10-day period preceding such redemption date, (b) Bonds or portions of principal amount thereof which will be in Authorized Denominations on such redemption date with respect to which the Tender Agent shall have received directions not to so redeem the same from the owners thereof as described under the heading "THE BONDS--Redemption of Bonds--Waiver of Redemption by Owner," (c) Bonds issued in exchange for or upon the registration of transfer of Bonds and such portions of principal amount referred to in clauses (a) and (b) above, and (d) Bonds or such portions of principal amount thereof

purchased by the Company as described under the heading "THE BONDS--Redemption of Bonds--Purchase by Company in Lieu of Redemption."

Mandatory Redemption of Bonds Not in Authorized Denominations. That portion of any Bond which causes such Bond to be not then in an Authorized Denomination shall be subject to mandatory redemption by the Authority at the redemption prices specified in the immediately succeeding paragraph on the first day of each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period.

Redemption Prices. Any redemption pursuant to the two immediately preceding paragraphs shall be at the redemption price of 100% of the principal amount of such Bonds or, in the case of a redemption on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a redemption price equal to the redemption price as described under the heading "THE BONDS--Redemption of Bonds--Optional Redemption-Long-Term Interest Rate Period" which would have been applicable to the Bonds on such redemption date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day.

Waiver of Redemption by Owner. Any owner of Bonds may direct the Tender Agent not to redeem its Bonds (or portions of principal amount thereof in Authorized Denominations) upon the occurrence of the events described under the heading "THE BONDS--Mandatory Redemption on First Day of Certain Interest Rate Periods," by delivering to the Tender Agent at its principal office on or prior to the earlier to occur of (i) the date on which the notice described under the heading "THE BONDS--Purchase of Bonds" is required to be delivered for Bonds to be purchased on the date for such redemption, or (ii) the date five days prior to the date of such redemption an instrument which (1) states that such person is the owner of such Bond and specifies the number and denomination of such Bond, (2) states that such owner has knowledge of the Interest Rate Period to commence on such redemption date, (3) if applicable, states that the redemption price will be at a premium, and (4) directs the Authority not to redeem such Bond or portion of principal amount thereof specified therein. Any instrument so delivered to the Tender Agent shall be irrevocable with respect to the redemption for which such instrument was delivered and shall be binding upon subsequent owners of such Bond or portion of principal amount thereof, including Bonds issued in exchange therefor or upon the registration of transfer thereof; but such instrument shall have no effect upon any subsequent redemption of Bonds.

Mandatory Redemption Upon Taxability. The Bonds are subject to special mandatory redemption prior to maturity at any time, as a whole or in part if such partial redemption will preserve the exemption from federal income taxation of interest on the remaining Bonds outstanding (and if in part, by lot or other customary means) at a redemption price equal to the principal amount thereof, plus interest accrued to the redemption date, without premium, in the event that the interest payable on any Bond has become subject to federal income tax in accordance with the Agreement. Any such redemption shall be made not later than 180 days from the date of such determination.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption as a whole at the option of the Company on any date selected by the Company, but not less than 45 nor more than 180 days after the Company shall have given notice of its exercise of the right to prepay the Bonds, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date if:

(i) in the opinion of the Company, the continued operation by the Company of the Units is impracticable, uneconomical or undesirable due to (A) the imposition of taxes or other liabilities or burdens not being imposed as of the date of the Agreement, (B) changes in technology or in the economic availability of raw materials or operating supplies or equipment or (C) destruction of or damage to all or a substantial portion of the Units; provided, however, that the Company may not exercise its right to redeem the Bonds for reasons described in this clause (i) if any portion of the redemption price is to be paid from the proceeds of tax-exempt bonds; or

(ii) all or substantially all of the Units have been condemned or taken by eminent domain; or

(iii) the operation by the Company of the Units shall have been enjoined and the Company shall have been prevented from carrying on normal operations at the Units for a period of six months or more; or

(iv) in the event the First Mortgage Bonds have been issued, all or substantially all the mortgaged and pledged property constituting bondable property which at the time shall be subject to the lien of the First Mortgage as a first lien shall be released from the lien of the First Mortgage pursuant to the provisions thereof, and available moneys in the hands of the trustee or trustees at the time serving as such under the First Mortgage, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the first mortgage bonds of all series issued pursuant to the First Mortgage at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

Purchase by Company in Lieu of Redemption. Bonds called for and subject to redemption upon the occurrence of events described under "THE BONDS—Mandatory Redemption on First Day of Certain Interest Rate Periods" shall be purchased by the Company as specified in the Agreement on the date on which such Bonds or portions of Bonds were to have been redeemed at a purchase price equal to the price at which such Bonds or portions of Bonds were to have been redeemed, if the Company shall give notice to the Paying Agent, the Trustee, and the Remarketing Agent before such date specifying the principal amount of Bonds or portions thereof to be so purchased. The Tender Agent shall pay the purchase price of Bonds or portions thereof to be so purchased by the Company from moneys deposited with the Tender Agent by the Company.

Notice of Redemption. Notice of the call for any redemption of Bonds or any portion thereof identifying the Bonds or portions thereof to be redeemed, specifying the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue, shall be given by the Paying Agent by mailing a copy of the redemption notice by first-class mail to the owner of each Bond so to be redeemed in whole or in part at the address shown on the registration books. Such notice shall be given at least 15 days prior to the date fixed for redemption; provided, however, that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds with respect to which no such failure or defect occurred.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Paying Agent shall select the Bonds or portions thereof to be redeemed, in such manner as in the Trustee's sole discretion it shall deem appropriate and fair. The Paying Agent shall promptly notify the Authority and the Company in writing of the Bonds or portions thereof selected for redemption; provided, however, that in connection with any redemption of Bonds the Paying Agent shall first select for redemption any Bonds held by the Tender Agent for the account of the Company or held of record by the Company. If it is determined that one or more, but not all, of the portions of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such portion or portions, the owner of such Bond shall forthwith surrender such Bond to the Paying Agent for (a) payment to such owner of the redemption price of the portion or portions of principal amount called for redemption, and (b) delivery to such owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of the Bond. New Bonds representing the unredeemed balance of the principal amount of such Bonds shall be issued to the owner thereof, without charge therefor. If the owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion or portions of principal amount called for redemption (and to that extent only).

THE LOAN AND TRUST AGREEMENT

The following is a summary of certain provisions of the Agreement, not including the provisions summarized above describing the Bonds.

Payments by the Company

The Company will pay to the Trustee or the Paying Agent, as appropriate, for the account of the Authority an amount equal to the aggregate principal amount of the Bonds plus interest thereon at the rate paid on the Bonds and redemption premium, if any. Such amounts will be paid in installments due on the dates, in the amounts and in the manner provided in the Agreement for the payment of the principal of and premium, if any, and interest on the Bonds whether at maturity, upon redemption or otherwise.

Payments for Bonds Delivered for Purchase

In consideration of the issuance of the Bonds by the Authority, but for the benefit of the Bondholders, the Company will pay to the Tender Agent or the Remarketing Agent, as the case may be, amounts equal to the amounts to be paid by the Tender Agent or the Remarketing Agent, as the case may be, pursuant to the Agreement for the purchase of outstanding Bonds, such amounts to be paid by the Company on the dates such payments by the Tender Agent are to be made.

Obligation Absolute

The Company's obligation to make payments of principal, interest and premium, if any, and to make, or cause to be made, payments to the Tender Agent or the Remarketing Agent, as the case may be, for the purchase of Bonds is absolute and unconditional, and the Company (1) will not suspend or discontinue payments, (2) will perform and observe all of its other agreements contained in the Agreement, and (3) except as permitted in the Agreement, will not terminate the Agreement for any reason. If sufficient funds are not available to the Tender Agent or the Remarketing Agent, as the case may be, for the Purchase of all Bonds tendered, the Tender Agent or the Remarketing Agent, as the case may be, shall be under no obligation to consummate the purchase.

Creation of Subordinated Security Interest

As security for the performance by the Company of its obligations under the Agreement, the Company has granted to the Authority a Subordinated Security Interest in the Project. The Authority has assigned the Subordinated Security Interest to the Trustee for the benefit of the Bondholders. The security interest granted (including the Authority's rights of possession or repossession of the Project or any rights conferred upon the Authority under the Uniform Commercial Code of the State of Florida or otherwise) shall at all times be subject to (1) the rights of the holders of the first mortgage bonds of the Company, including the First Mortgage Bonds, issued and outstanding or to be issued under the lien of the First Mortgage, and (2) any future security interest or lien created to secure any indebtedness or other obligations of the Company now existing, to be issued in the future, or incurred under any indenture or other instrument which expressly provides that any such security interest or lien securing such indebtedness or obligations shall be superior to the security interest granted. The Subordinated Security Interest may be released with respect to any part of the Project which has been released from the lien of the First Mortgage or the lien of any other future security interest or lien superior to the Subordinated Security Interest.

Pledge of First Mortgage Bonds

Although the Company has not elected to do so, in order to provide collateral security for the Company's obligations to make payment of installments, the Company may elect to issue and deliver to the Trustee a series of First Mortgage Bonds, registered in the name of the Trustee, which shall have the same stated rate or rates of interest prior to maturity, payable at the same times, and which shall become due in the same principal amount or amounts, either by redemption or by maturity, on the same date or dates, as the Bonds. The First Mortgage Bonds shall be held subject to the terms and provisions of the Agreement and the First Mortgage.

To exercise this election, the Company shall, not less than 14 days prior to the proposed date of delivery of the First Mortgage Bonds, (1) give to the Authority and the Trustee written notice that designates the date on which such First Mortgage Bonds will be delivered, and (2) deliver to the Trustee and the Authority a written

opinion of Bond Counsel to the effect that such election and the delivery of such First Mortgage Bonds will not cause the interest on the Bonds to become subject to federal income tax.

Indemnification

The Company has agreed to indemnify the Authority, the Paying Agent, the Tender Agent, the Remarketing Agent and the Trustee against claims arising out of the construction or operation of the Project and to pay or bond and discharge and indemnify and hold harmless the Authority from and against (1) any lien or charge upon payments by the Company to or for the account of the Authority and (2) any taxes, assessments, impositions and other charges of any federal, state or municipal government or political body in respect of the Project. The Company shall also protect and hold the Authority, the Paying Agent, the Tender Agent and the Remarketing Agent harmless against any claim or liability arising from the Agreement, the bond resolution, the issuance of the Bonds and all transactions pertaining thereto, including but not limited to any loss or damage to property or any injury to or death of any person that may be occasioned by any cause pertaining to the Project or to the use thereof, in excess of any insurance proceeds available to the Authority in connection with the Project.

Assignment; Merger

Under certain conditions, the Company may assign its interest in the Agreement and lease or sell the Project, in whole or in part. No such assignment, lease or sale will operate to relieve the Company from its primary liability for its obligation to make the payments of principal of, premium, if any, and interest on the Bonds or to make payments with respect to the purchase of Bonds.

The Company may consolidate with or merge into, or sell or otherwise transfer all or substantially all of its assets to, another corporation incorporated under the laws of one of the states of the United States and qualified to do business in the State of Florida if the surviving, resulting or transferee corporation, if not the Company, assumes in writing all obligations of the Company under the Agreement.

Pledge and Security

Pursuant to the Agreement, the Authority has pledged to the Trustee all payments by the Company under the Agreement to secure the payment of the principal of and premium, if any, and interest on the Bonds. The Authority has also pledged and assigned to the Trustee all its other rights and interests under the Agreement (other than its rights to indemnification and reimbursement of expenses contained in the Agreement).

Deposit of Bond Proceeds

The proceeds of the sale of the Bonds shall be deposited first to the Debt Service Fund in an amount equal to the accrued interest, if any, paid by the purchasers of the Bonds, then the remaining balance to the Depository for the Series 1985 Bonds.

Investments

The moneys in the Debt Service Fund and the Redemption Fund will, at the direction of the Company, be invested in securities or obligations specified in the Agreement. All income or other gain from such investments will be credited, and any loss will be charged, to the particular fund from which the investments were made.

Establishment of Funds

The following funds shall be established and maintained with the Trustee (or, in certain cases, with the Paying Agent, as set forth below) for the account of the Company, to be held in trust and applied subject to the provisions of the Agreement:

Debt Service Fund;
Redemption Fund;

First Mortgage Bond Fund.

The Debt Service Fund and the Redemption Fund shall be established and maintained by the Trustee if the Trustee also serves as the Paying Agent, and otherwise shall be established and maintained by the Paying Agent.

Debt Service Fund

The moneys and investments held in the Debt Service Fund shall be applied, except as otherwise provided, to the payment of the principal, redemption premiums, if any, and interest on the Bonds.

Redemption Fund

The moneys and investments held in the Redemption Fund shall be applied, except as otherwise provided, to the redemption of Bonds. The Trustee or the Paying Agent, as appropriate, may, and upon written direction of the Company for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid by the Company.

If on any date the amount in the Debt Service Fund is less than the amount then required to pay the principal and interest then due on the Bonds, the Trustee or the Paying Agent, as appropriate, shall transfer the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the Debt Service Fund to the extent necessary to meet the deficiency. The Company shall remain liable for any sums which it has not paid into the Debt Service Fund, and any subsequent payment thereof shall be used to restore the funds so applied.

First Mortgage Bond Fund

All payments, if any, made on the First Mortgage Bonds shall be deposited to the First Mortgage Bond Fund. Any funds in the First Mortgage Bond Fund shall be applied first to any amounts which the Company may be required to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund, and the balance, if any, shall be transferred to the Redemption Fund.

Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal, redemption premium, if any, and interest on the outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee and the Paying Agent in accordance with the Agreement, be applied first to the payment of interest, including interest on overdue principal, and second to the payment of principal and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due). Whenever moneys are to be applied pursuant to this paragraph, such moneys shall be so applied from time to time as the Trustee or the Paying Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee or the Paying Agent shall apply moneys pursuant to this paragraph it shall fix the date (which shall be the first of a month unless the Trustee or the Paying Agent shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee or the Paying Agent shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Paying Agent may require presentation of the Bond for endorsement of the payment.

Payments by the Company

On the date on which a payment of principal or interest is due, the Company shall pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to such payment less the amount, if any, in the Debt Service Fund and available therefor.

The payments to be made under the foregoing paragraph shall be appropriately adjusted to reflect the date of issue of Bonds, accrued interest deposited in the Debt Service Fund, if any, and any purchase or redemption of Bonds so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal due or coming due on the Bonds and so that accrued interest will be applied to the installments of interest to which it is applicable.

At any time when any principal of the Bonds is overdue, the Company shall also have a continuing obligation to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required as described above shall not otherwise bear interest. Redemption premiums shall not bear interest.

Payments by the Company to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Company to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal and interest on the Bonds when due, the Company shall supply the deficiency.

Within thirty (30) days after notice, the Company shall also pay all expenditures (except general administrative expenses or overhead) reasonably incurred by the Authority by reason of the Agreement and the reasonable fees and expenses of the Trustee and the Paying Agent.

Defaults

Each of the following events will constitute an "Event of Default" under the Agreement:

(1) Failure by the Company to make when due any payment of principal, premium, if any, or interest on the Bonds or any payment required to be made with respect to the purchase of Bonds;

(2) Certain events of bankruptcy or insolvency relating to the Company shall have occurred;

(3) First Mortgage Bonds have been delivered in connection with the Bonds and a default under the First Mortgage shall have occurred and be continuing; or

(4) A failure by the Authority to observe and perform any other covenant, condition, agreement or provision contained in the Bonds or the Agreement (other than a failure described in clause (1), (2) or (3) above), which failure shall continue for a period of 90 days after written notice given to the Authority and the Company by the Trustee, which notice may be given in the discretion of the Trustee and shall be given at the written request of the holders of not less than 25% in principal amount of Bonds then outstanding, unless such period is extended by the Trustee and the holders of a principal amount of Bonds not less than the principal amount of Bonds the holders of which requested such notice, as the case may be; provided, however, that the Trustee and the holders of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority or the Company on behalf of the Authority within such period and is being diligently pursued.

Remedies

Upon the occurrence and continuance of an Event of Default described in clause (1), (3) or (4) of the preceding paragraph, and further upon the condition that if any First Mortgage Bonds have been delivered, all First Mortgage Bonds outstanding shall have become immediately due and payable in accordance with the terms of the

First Mortgage, the Trustee may, and at the written request of holders of not less than 25% in principal amount of Bonds then outstanding shall, by written notice to the Authority and to the Company, declare the Bonds to be immediately due and payable, and upon the occurrence of an event of default described in clause (2) of the preceding paragraph, the Bonds shall, without further action, become and be immediately due and payable, anything in the Agreement or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice of acceleration to the Authority, the Paying Agent and the Remarketing Agent and shall give notice thereof to holders of the Bonds.

The provisions described in the preceding paragraph, however, are subject to the condition that if after the principal of the Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company or the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Agreement) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Agreement other than nonpayment of the principal of Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority, the Company, the Paying Agent and the Remarketing Agent, and shall give notice thereof to holders of the Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon. A waiver of default under the First Mortgage and a rescission and annulment of its consequences constitutes a waiver of the corresponding Event of Default under the Agreement, and a rescission and annulment of its consequences. The Trustee shall promptly give notice of such waiver as specified above.

Upon the occurrence of any Event of Default under the Agreement, the Trustee may proceed to pursue any available remedy to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding, including, without limitation, suits, actions or special proceedings in equity or at law. The Trustee is not required to take any action in respect of an Event of Default or to enforce the trusts created by the Agreement except upon the written request of the holders of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it. The holders of a majority in principal amount of Bonds then outstanding will have the right to direct the method and place of conducting all remedial proceedings under the Agreement.

No holder of any Bond will have any right to institute suit or to execute any trust or power of the Trustee unless such holder has previously given the Trustee written notice of an Event of Default and unless also the holders of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity had been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Agreement, the right of the holder of any Bond to enforce the payment of the principal of, premium, if any, and interest on such Bond at or after the maturity thereof will not be impaired or affected.

Limitations on Bondholders' Remedies

Upon a failure of the Company to make a required debt service or purchase price payment when the same becomes due and payable, the Paying Agent shall so notify the Trustee and the Trustee shall give written notice of such default to the Authority and the Company. The Trustee shall not be required to take notice of any other breach or default by the Company or the Authority, and the Authority shall not be required to take notice of a breach or default by the Company, in each case unless given written notice thereof by the owners of at least 25% in principal amount of the outstanding Bonds. The Trustee shall give default notices and accelerate payments, and the Authority shall give default notices, in each case when so instructed in writing by the owners of at least 25% in principal amount of the outstanding Bonds. The Trustee shall institute legal proceedings to enforce the obligations of the Authority in accordance with the written directions of the owners of a majority in principal amount of the

outstanding Bonds. Neither the Trustee nor the Authority shall be required to take remedial action (other than acceleration, in the case of the Trustee, or the giving of notice), unless reasonable indemnity is furnished for any expense or liability to be incurred therein.

No Bondholder shall have any right to institute any legal proceedings for the enforcement of the Agreement or any applicable remedy under the Agreement unless the Trustee has failed or refused to take action as required by the Agreement.

Defeasance

When there are in the Debt Service Fund and the Redemption Fund sufficient funds, or certain obligations issued or guaranteed by the United States as provided in the Agreement in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights of the Authority, the Trustee and the Paying Agent have been provided for, upon written notice from the Company to the Authority and Trustee, the Bondholders shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment, and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement, the security interests, including the Subordinated Security Interest, created by the Agreement (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee and the Paying Agent. Upon defeasance of the Agreement, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose subject to the requirements of the Agreement, and moneys held for defeasance shall be invested only as provided above in this paragraph. Any funds or property held by the Trustee or the Paying Agent and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Company upon such indemnification, if any, as the Authority or the Trustee may reasonably require.

Removal of Trustee

The Trustee may be removed, and a successor Trustee appointed, by the holders of not less than a majority in aggregate principal amount of Bonds at the time outstanding.

Supplemental Agreements

The Agreement may be modified or amended by supplemental agreements without the consent of or notice to the Bondholders for any of the following purposes:

(1) To add to the covenants and agreements of the Authority or the Company contained in the Agreement other covenants and agreements thereafter to be observed, and to surrender any right or power therein reserved to or conferred upon the Authority or the Company;

(2) To modify any of the provisions of the Agreement or release the Authority from any of the obligations, conditions or restrictions therein contained; provided, that no such modification or release shall be or become operative or effective which shall in any manner impair any of the rights of the Bondholders or the Trustee; and provided further, that the Trustee may in its sole discretion decline to enter into any such supplemental agreement which in its opinion may not afford adequate protection to the Trustee when the same shall become operative;

(3) To cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Agreement or in any supplemental agreement in a manner which, in the opinion of bond counsel of nationally recognized standing, is not adverse to the interests of the Bondholders;

(4) To make such provision in regard to matters or questions arising under the Agreement as may be necessary or desirable and not inconsistent with the Agreement and not, in the opinion of bond counsel of nationally recognized standing, adverse to the interests of the Bondholders;

(5) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(6) To change the method for determining any interest rate or Interest Rate Period in a manner not to the prejudice of the Trustee or Bondholders;

(7) To change the conversion notice periods and related purchase procedures in a manner not to the prejudice of the Trustee or the Bondholders;

(8) To make any change which is required by Moody's or S&P in order to obtain or maintain a rating of the Bonds; or

(9) To make any other change which, in the opinion of bond counsel of nationally recognized standing, does not materially adversely affect the rights of the Authority or any Bondholder.

Exclusive of supplemental agreements entered into for the purposes described in the preceding paragraphs, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Agreement to the contrary notwithstanding, to consent to and approve the execution by the Company, the Authority and the Trustee of such other agreement or agreements supplemental to the Agreement as shall be deemed necessary and desirable by the Company for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Agreement or in any supplemental agreement; provided, however, that nothing in the Agreement contained shall permit, or be construed as permitting without the consent of the holders of the Bonds then outstanding affected thereby (1) an extension of the maturity of the principal of or premium, if any, or the interest on or redemption date of any Bond issued thereunder, or a change in the terms of the purchase of Bonds delivered to the Tender Agent, (2) a reduction in the principal amount of any Bond or the rate of interest or redemption premium thereon, or a change in the method of determining the rate of interest thereon, (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (4) a reduction in the aggregate principal amount of the Bonds required for consent to such modification, amendment or supplemental agreement, or (5) impairment of the exemption from federal income taxation of interest on any of the outstanding Bonds.

THE TRUSTEE

NationsBank of Florida, N.A., the Trustee, is a depository for part of the Company's funds and has extended to the Company a line of credit.

DESCRIPTION OF RATINGS

Duff & Phelps Credit Rating Co., Moody's Investors Service, Inc. and Standard & Poor's Corporation have assigned ratings of "AA-/D-1+", "Aa2/VMIG1" and "AA-/A1+", respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same at the following addresses: Duff & Phelps Credit Rating Co., 55 East Monroe Street, Chicago, Illinois 60603; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007. Standard & Poor's Corporation, 25 Broadway, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

TAX EXEMPTION

In the opinion of Palmer & Dodge, Boston, Massachusetts, Bond Counsel, under existing law interest on the Bonds is excluded from the gross income of the recipient thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the applicable provision of the Internal Revenue Code (the "Code").

Interest on the Bonds is not treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, but interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations.

The Code establishes certain requirements regarding the use of the Project, the expenditure and investment of proceeds of the Bonds, and the payment of rebates to the United States which must be continuously satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to remain excluded from gross income. Failure to comply with these requirements could cause interest on the Bonds to become included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take all lawful action necessary under presently existing federal tax law to ensure that interest on the Bonds will remain excluded from gross income for federal income tax purposes and to refrain from taking any action which would cause interest on the Bonds to become included in such gross income, except with respect to any Bond owned by a substantial user of the Project or a related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds shall be redeemed within 180 days at par plus accrued interest in whole, or to the extent required so that the remaining outstanding Bonds will not be subject to federal income tax. See "THE BONDS -- Redemption of Bonds - Mandatory Redemption Upon Taxability" herein.

Prospective purchasers of the Bonds should also be aware that the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, for that portion of the owner's interest expense allocated to interest on the Bonds. For insurance companies subject to the tax imposed by Section 831 of the Code, the deduction of loss reserves is reduced by 15 percent of the sum of certain items, including interest on the Bonds. In addition, interest on the Bonds earned by certain corporations could be subject to the environmental tax imposed by Section 59A of the Code, or the foreign branch profits tax imposed by Section 884 of the Code, and may be included in passive investment income subject to federal income taxation under Section 1375 of the Code applicable to certain S corporations. The Code also requires recipients of certain social security and certain railroad retirement benefits to take into account, in determining the portion of such benefits that are included in gross income, receipts or accruals of interest on the Bonds.

Under existing Florida law, Florida Statutes §159.31, the Bonds, their transfer and the income therefrom (including any profit on the sale thereof) are free from taxation by the state, or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations by corporations.

UNDERWRITING

Citicorp Securities Markets, Inc., as Underwriter, has agreed, subject to certain terms and conditions, to purchase the Bonds from the Authority at the aggregate purchase price of $54,200,000, plus accrued interest, if any. The Underwriter is committed to purchase all of the Bonds if any are purchased. The Company will pay to the Underwriter an underwriting fee in the amount of $214,090. The Company has also agreed to pay Citicorp Securities Markets, Inc. certain fees, payable from time to time, in connection with its services as Remarketing Agent and Indexing Agent.

The Company has agreed to indemnify the Underwriter and the Authority against certain liabilities, including liabilities under the federal securities laws, in connection with certain portions of this Official Statement, including Appendix A hereto.

The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing any of the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Palmer & Dodge, Boston, Massachusetts, as Bond Counsel. Sheila M. McDevitt, Counsel for the Company, will pass upon certain legal matters for the Company. Certain legal matters will be passed upon for the Underwriter by Chapman & Cutler, Chicago, Illinois, Counsel for the Underwriter, and for the Authority by Morrison, Morrison & Mills, P.A., Tampa, Florida, Counsel for the Authority.

This Official Statement has been duly authorized, executed and delivered by the Authority.

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By: /S/ Raymond L. MacGrogan
Chairman

APPENDIX A

TAMPA ELECTRIC COMPANY

Replaced by Appendix A of the Remarketing Supplement.

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APPENDIX B

Opinion of Bond Counsel

[Letterhead of Palmer & Dodge]

October 27, 1992

Hillsborough County Industrial
Development Authority
Tampa, Florida 33602

Citicorp Securities Markets, Inc.
399 Park Avenue, 11th Floor, Zone 3
New York, New York 10043

NationsBank of Florida, N.A. as Trustee
400 North Ashley Drive, 6th Floor
Tampa, Florida 33602

$54,200,000
Hillsborough County Industrial Development Authority
Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Gannon Coal Conversion Project)
Series 1992

We have acted as bond counsel in connection with the issuance by the Hillsborough County Industrial Development Authority (the "Authority") of the above-captioned bonds (the "Bonds").

The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of October 26, 1992 (the "Agreement") among the Authority, NationsBank of Florida, N.A., as trustee (the "Trustee") and Tampa Electric Company (the "Company"). Under the Agreement, the Company has agreed to make payments to be used to pay when due the principal of and premium (if any) and interest on the Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Authority under the Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged by the Authority as security for the Bonds. The Bonds are to be payable solely from Revenues.

Reference is made to the opinion of Sheila M. McDevitt, Esq., counsel to the Company, of even date with respect to, among other matters, the corporate status, good standing and qualification to do business of the Company, the corporate power of the Company to enter into and perform the Agreement, the execution and delivery of the Agreement by the Company, and the extent to which the Agreement is binding upon and enforceable against the Company. Reference is also made to the opinion of even date of Morrison, Morrison & Mills, P.A., counsel to the Authority, as to the authority, procedures and action of the Authority in connection with the authorization of the Bonds, the Agreement and the Bond Purchase Agreement dated as of October 26, 1992 between the Authority and Citicorp Securities Markets, Inc. (the "Purchase Contract"). We have relied upon the foregoing opinions of other counsel with respect to such matters in giving this opinion.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Company contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion that, as of the date hereof and under existing law:

1. The Authority is a validly existing public body corporate and politic created under Florida Statutes §159.45, with all necessary power and authority to enter into and perform its obligations under the Agreement, the Purchase Contract and the Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Authority and the Company and is a valid and binding obligation of each of the Authority and the Company enforceable against the Authority and the Company in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from, and secured by an assignment and pledge by the Authority of, the Revenues.

4. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the facilities financed with the proceeds of the Bonds (the "Facilities") or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds will not be treated as a preference item in calculating the alternative minimum tax imposed under the Code on individuals and corporations. However, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. We call your attention to the fact that failure by the Company or the Authority to comply subsequent to the issuance of the Bonds with certain federal tax law requirements, including requirements regarding the use of the Facilities, the expenditure and investment of Bond proceeds, and the payment of rebates, if any, due to the United States, may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take such action as may be necessary under currently applicable federal income tax law to ensure that interest on the Bonds will remain excluded from gross income of the owners thereof for federal income tax purposes and to refrain from taking any action that would cause interest on the Bonds to be included in such gross income, except with respect to any Bond while it is owned by a substantial user or related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds are to be redeemed within 180 days at par plus accrued interest in whole, or in part to the extent necessary so that interest on the remaining outstanding Bonds will continue to be excluded from gross income for federal income tax purposes.

5. Under Florida Statutes §159.31, the Bonds, their transfer, and the income therefrom (including any profit on the sale thereof) will be free from taxation by the State of Florida or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Yours faithfully,

APPENDIX F

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NEW ISSUE — BOOK-ENTRY ONLY

In the opinion of Bond Counsel, under existing law as of the date of this Official Statement and assuming continued compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended, after the issuance of the Bonds and the satisfaction of the other conditions described under the caption "Tax Exemption", interest on the Bonds will be excluded from gross income for federal income tax purposes, except for interest on any Bond during any period while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the Internal Revenue Code of 1986, as amended. However, interest on the Bonds will be treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. Under Florida Statutes §159.31, as in effect on the date of this Official Statement, the Bonds, their transfer and the income therefrom will be free from taxation in the State of Florida, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations. Issuance of the Bonds is subject to the receipt of a favorable tax opinion of Bond Counsel. See "Tax Exemption" and Appendix B herein.

$20,000,000
HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
Pollution Control Revenue Bonds
(Tampa Electric Company Project)
Series 1993

Dated: Date of Issuance **Due: November 1, 2020**

The Bonds will be limited obligations of the Authority and are payable solely from the payments to be made under a Loan and Trust Agreement by

TAMPA ELECTRIC COMPANY

The Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Long-Term Interest Rate or a Short-Term Interest Rate, at the applicable rate therefor described herein. The initial Interest Rate will be a Daily Interest Rate.

The Bonds will be issuable as fully registered Bonds without coupons during any Short-Term Interest Rate Period in the denomination of multiples of $5,000 with a minimum denomination of $100,000; during any Daily Interest Rate Period or Weekly Interest Rate Period in the denomination of $100,000 and multiples thereof; and during any Long-Term Interest Rate Period in the denomination of $5,000 and multiples thereof and in Daily, Weekly or Long-Term Interest Rate Periods will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York. Purchases of the Bonds during these Rate Periods will be made in book-entry form.

The principal of, premium, if any, and interest on the Bonds in Daily, Weekly or Long-Term Interest Rate Periods, will be payable by the Paying Agent to Cede & Co. So long as DTC or its nominee remains the registered owner of the Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC Participants and Indirect Participants. See "THE BONDS — Book-Entry Only System" herein.

The Bonds are subject to purchase at the option of the Bondholders and, under certain circumstances, are subject to purchase at the option of Tampa Electric Company as is more fully described herein. The Bonds are also subject to mandatory and optional redemption by Tampa Electric Company as described herein. The right of Bondholders to retain Bonds subject to mandatory purchase or, under certain circumstances, redemption, is more fully described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE BONDS WILL NOT CONSTITUTE A DEBT OF THE AUTHORITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF UNDER ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER AND SHALL NEVER CONSTITUTE A CHARGE OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF SUCH ENTITIES. THE AUTHORITY HAS NO TAXING POWER.

Price: 100%

The Bonds are offered when, as and if issued by the Authority, subject to the approving opinion of Palmer & Dodge, Boston, Massachusetts, as Bond Counsel, and certain other conditions. Delivery of the Bonds is anticipated on or about June 24, 1993, in New York, New York.

Goldman, Sachs & Co.

Dated: June 21, 1993

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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 Official Statement in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Company or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities offered hereby, or any such offer or solicitation of such offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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NOTICE TO NEW HAMPSHIRE INVESTORS: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

$20,000,000

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(Florida)
POLLUTION CONTROL REVENUE BONDS
(Tampa Electric Company Project)
Series 1993

INTRODUCTORY STATEMENT

This Official Statement of the Hillsborough County Industrial Development Authority (the "Authority"), a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida, sets forth certain information concerning the sale of $20,000,000 aggregate principal amount of the Authority's Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993 (the "Bonds"), to be dated as of the date stated on the cover page and to mature on November 1, 2020 (the "Maturity Date"), subject to prior redemption by the Authority or repurchase by Tampa Electric Company, a Florida corporation (the "Company") as hereinafter described.

The Bonds are being issued to finance or reimburse the Company for the cost of acquisition, construction and installation of certain sewage and solid waste disposal facilities (the "Project") at Units 1, 2, 3 and 4 of Big Bend Station and Units 1, 2, 3 and 4 of F. J. Gannon Station (collectively, the "Units") of the Company in Hillsborough County, Florida.

The Bonds will be issued under and pursuant to a Loan and Trust Agreement, dated as of June 23, 1993 (the "Agreement"), among the Authority, the Company and NationsBank of Florida, N.A., as trustee (the "Trustee"). Pursuant to the Agreement, the proceeds of the Bonds will be loaned to the Company. The principal of the loan to be made to the Company under the Agreement and interest thereon are payable in installments (the "Revenues") due on the dates, in the amounts and in the manner necessary for the Authority to cause payment to be made to the holders of the Bonds of the principal of and premium, if any, and interest on the Bonds when and as the same shall become due, and will be assigned to the Trustee for such purpose pursuant to the Agreement.

The Bonds may bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate as hereinafter described. All Bonds will initially bear interest at a Daily Interest Rate. The Bonds are subject to conversion to an alternate method for establishing the interest rate at the option of the Company. See "THE BONDS".

The Bonds are subject to mandatory and optional redemption by the Authority. See "THE BONDS -- Redemption of Bonds."

The Bonds are limited obligations of the Authority, secured solely by a pledge and assignment by the Authority to the Trustee of certain of the Authority's rights under the Agreement, including its right to the Revenues and the Subordinate Security Interest (hereinafter described).

The Bonds will not be deemed to constitute a debt, liability or obligation of any authority or county, or the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Hillsborough County, Florida. The Authority has no taxing power.

There follow in this Official Statement brief descriptions of the Authority, the Project, the Bonds and summaries of certain provisions of the Agreement as well as other matters. The descriptions and summaries herein do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Terms not defined herein shall have the meanings set forth in the respective documents, copies of which may be obtained from the Underwriter whose name appears on the cover page hereof. Information concerning the Company is included in Appendix A attached hereto.

THE AUTHORITY

The Authority is a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida. The Authority is authorized by Parts II and III of Chapter 159, Florida Statutes (the "Act") to issue the Bonds to finance a portion of the cost of the acquisition, construction and installation of the Project and to secure the Bonds as herein described.

In the past several years, an entity not affiliated with the Company defaulted on its payment obligations with respect to revenue bonds that were issued by the Authority on behalf of such entity. The Department of Banking and Finance of the Florida Division of Securities generally requires disclosure by any governmental issuer of securities sold in Florida of defaults on any obligations of such issuer. Because the defaulted bonds were special obligations of the Authority payable only from revenues received from such unaffiliated entity and are unrelated to the Bonds, the Company has determined that the default is not material to this Official Statement and detailed disclosure with respect to the default is not deemed appropriate or material by the Authority.

THE PROJECT

The proceeds of the Bonds will be used to finance a portion of the cost of certain sewage and solid waste disposal facilities as described below.

Big Bend Station

The proceeds of the Bonds will be used to finance or to reimburse the Company for its expenditures on certain sewage and solid waste disposal facilities at the Company's Big Bend Station. Big Bend Station is an electric generating facility located on Big Bend Road, north of Ruskin and south of Gibsonton, in Hillsborough County, Florida. The Project includes financing part of the cost of sewage treatment facilities, slag handling treatment facilities, scrubber waste and bottom ash facilities and reimbursing the Company for expenditures for fly ash facilities, slag handling facilities, spent demineralizer resin treatment facilities and sewage treatment facilities.

F. J. Gannon Station

The proceeds of the Bonds will be used to finance a portion of the cost of certain sewage and solid waste disposal facilities at the Company's F.J. Gannon Station. F. J. Gannon Station is a coal-fired electric generating facility located on Tampa Bay, near the City of Tampa, in Hillsborough County, Florida. The Project facilities financed in part by the Bonds include sewage treatment facilities, slag treatment facilities and bottom ash handling facilities.

Use of Proceeds

The Authority expects to deposit the net proceeds, excluding accrued interest, if any, received upon the sale of the Bonds in the Construction Fund which will be applied to finance the Project.

THE BONDS

Description of the Bonds

The Bonds will be issued in the principal amount of $20,000,000, will be dated as of the date specified on the cover page of this Official Statement, except as otherwise provided in the Agreement, will mature on the date specified on the cover page of this Official Statement, will be issued in Authorized Denominations and bear interest as described herein under "THE BONDS -- Determination of Interest Rate Periods and Interest Rates" and are being initially offered at the price set forth on the cover page of this Official Statement. The principal of and premium, if any, on the Bonds shall be payable at the principal corporate trust office of The Chase Manhattan Bank, N.A., New York, as paying agent (the "Paying Agent"). Interest on the Bonds shall be paid by check or draft mailed on the Interest Payment Date to the registered owner thereof (which shall mean Depository Trust Company ("DTC") ~~so long as the book-entry system is in effect for the Bonds)~~ as of the Record Date for such Interest Payment Date, at the address shown on the registration books of the Authority kept by The Chase Manhattan Bank, N.A., as bond registrar (the "Registrar") as of the close of business on the applicable record date, or, except for interest in respect of a Long-Term Interest Rate Period, interest shall be paid by wire transfer to the accounts with commercial banks

located within the United States of America of those Bondholders which shall have provided wire transfer instructions to the Paying Agent before the close of business on such Record Date, but, in the case of interest payable in respect of a Short-Term Segment, only upon presentation of such Bond for exchange or transfer in accordance with the provisions of the Agreement.

Bonds may be exchanged for fully registered Bonds of any authorized denomination at the principal corporate trust office of the Registrar. The Authority or the Registrar may make a charge for every such exchange or for any registration of transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer, and such charge shall be paid before any such new Bond shall be delivered.

If any Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and deliver a replacement Bond. The Authority and the Trustee may require satisfactory proof and indemnification and payment of all legal, printing and other expenses and any governmental charges in connection with replacing any Bond.

Security for the Bonds

The Bonds will be limited obligations of the Authority payable solely from the Revenues to be paid by the Company pursuant to the Agreement. In the Agreement, the Company has agreed to make payments on the dates, in the amounts and in the manner necessary to pay the principal of and premium, if any, and interest on the Bonds when and as the same shall become due. The Company has also granted to the Authority a subordinated security interest (the "Subordinated Security Interest") in the Project to secure the Company's obligations relating to the Bonds, which Subordinated Security Interest is subordinate to the lien of the Company's First Mortgage Bonds and to any future security interest or lien securing obligations of the Company under any indenture or other instrument which expressly provides that such security interest or lien shall be superior to the Subordinated Security Interest. See "THE LOAN AND TRUST AGREEMENT -- Creation of Subordinated Security Interest." The Authority has pledged and assigned to the Trustee, as security for the payment of the principal of and premium, if any, and interest on the Bonds, its rights under the Agreement, including its rights to the Revenues and the Subordinated Security Interest, except its rights to payment of certain costs and expenses and to indemnification.

Although the Company has not elected to do so, it may in the future elect to provide credit enhancement for the Bonds which may include a letter of credit or insurance or the issuance of a series of First Mortgage Bonds (the "First Mortgage Bonds") under its Indenture of Mortgage, dated as of August 1, 1946 (the "First Mortgage"), in such amounts and maturities and bearing such rates of interest as shall coincide with the principal and interest becoming due on the Bonds, all as further described in "THE LOAN AND TRUST AGREEMENT - Pledge of First Mortgage Bonds."

The Bonds, together with interest and premium, if any, thereon, will not be deemed to constitute a debt, liability or obligation of any authority or county of the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Hillsborough County. Neither any authority or county nor the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Hillsborough County, Florida, is obligated to pay the principal of the Bonds or the interest or premium, if any, thereon, except from the Revenues, and neither the general faith and credit nor the taxing power of any authority or county of the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Hillsborough County, is pledged for the payment of the principal of, premium, if any, or interest on the Bonds.

NationsBank of Florida, N.A. is the Trustee under the Agreement. Its principal corporate trust office is located at 400 North Ashley Drive, Tampa, Florida 33602. The Chase Manhattan Bank, N.A., has been appointed Tender Agent and Registrar by the Company under the Agreement and is also Paying Agent. Its principal corporate trust office is 4 Chase Metrotech, Third Floor, Brooklyn, New York 11245. One or more co-paying agents may be appointed, and the Paying Agent, any co-paying agent, the Tender Agent and the Registrar may be removed or replaced by the Company.

Goldman, Sachs & Co. has been appointed Remarketing Agent and Indexing Agent by the Company under the Agreement. The principal office of the Remarketing Agent and Indexing Agent is located at 85 Broad Street, New York, New York 10004. The Remarketing Agent and the Indexing Agent may resign or be removed and replaced by the Company.

Book-Entry Only System

DTC will act as securities depository for the Bonds during Daily, Weekly or Long-Term Interest Rate Periods. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for the Bonds in the aggregate principal amount of the issue, and will be deposited with 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 Securities Exchange Act of 1934. DTC holds securities that its participants ("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 ("Direct Participants"). 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 a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds 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 Bonds, except in the event that use of the book-entry system from the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

So long as the book-entry system is in effect, redemption notices shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor CEDE & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

So long as the book-entry system is in effect, principal of and premium, if any, and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriter, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority, the

Trustee or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Underwriter. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Authority, the Company and the Underwriter believe to be reliable, but neither the Authority, the Company nor the Underwriter take any responsibility for the accuracy thereof.

None of the Authority, the Company, the Underwriter, the Paying Agent or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in any Bond or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Definitions

The following are definitions of certain terms used in the Agreement and used in this Official Statement:

"Alternate Long-Term Interest Rate Index" means 60% of the average annual yield shown for United States Treasury Notes or Bonds having the same number of 30-day periods to maturity as the number of such periods in the applicable Long-Term Interest Rate Period, as published in the "Federal Reserve Bulletin" (published by the Board of Governors of the Federal Reserve System in Washington, D.C.) most recently published prior to the date of determination of the Alternate Long-Term Interest Rate Index as computed by the Indexing Agent; provided, however, that, if the most recently published "Federal Reserve Bulletin" does not publish a yield for United States Treasury Notes or Bonds having the number of 30-day periods to maturity described above, the Alternate Long-Term Interest Rate Index shall mean 60% of the assumed yield for United States Treasury Notes or Bonds having the same number of 30-day periods to maturity as the number of 30-day periods in the applicable Long-Term Interest Rate Period, determined by linear interpolation based on the yield for United States Treasury Notes or Bonds having the next shorter number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period and the yield for United States Treasury Notes or Bonds having the next longer number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period, as published in such "Federal Reserve Bulletin," as computed by the Indexing Agent.

"Authorized Denominations" means with respect to any Long-Term Interest Rate Period, $5,000 or any multiple thereof; with respect to any Daily Interest Rate Period or Weekly Interest Rate Period, $100,000 or any multiple thereof; and, with respect to any Short-Term Interest Rate Period, $100,000 or any multiple of $5,000 in excess of $100,000.

"Authorized Officer" means: (i) in the case of the Authority, the Chairman, Vice Chairman, Secretary or Assistant Secretary and when used with reference to an act or document of the Authority also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Company, the President, any Vice President, Treasurer or any Assistant Treasurer and when used with reference to an act or document of the Company, also means any other person or persons authorized to perform the act or execute the document.

"Base Rate" means the index computed each week on Tuesday, or on the next preceding Business Day if any such Tuesday is not a Business Day, by the Indexing Agent, consisting of (A) the arithmetical average of (i) a composite of the rates on 30-day tax-exempt commercial paper and six-month tax-exempt notes, (ii) 53% of the highest published base rate for commercial loans made by large U.S. money center commercial banks, as most recently published in The Wall Street Journal or a successor publication selected by the Company and providing similar information, (iii) 53% of the bond equivalent yield of six-month Treasury bills, and (iv) 53% of the interest rate on 30-day commercial paper rated by either Moody's or S&P in their highest short-term rating category, or (B) such other components as such Indexing Agent shall select which shall be readily ascertainable and shall be designed to produce a comparable Base Rate.

"Business Day" means a day on which banks in each of the cities in which the principal offices of the Trustee, the Paying Agent, and, if applicable, the Remarketing Agent are located, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Daily Interest Rate Period" means each period during which Bonds bear interest at Daily Interest Rates.

"Debt Service Fund" means the fund established and so designated by the Agreement.

"Delivery Date" means, with respect to a Bond tendered for purchase at the election of the Bondholder, the Purchase Date or any subsequent Business Day on which such Bond is delivered to the Paying Agent.

"Interest Payment Date" means (i) with respect to any Daily Interest Rate Period or Weekly Interest Rate Period, the first Business Day of each calendar month, (ii) with respect to any Long-Term Interest Rate Period, the first day of the sixth calendar month following the effective date of such Long-Term Interest Rate Period, and the first day of each successive sixth calendar month, if any, of such Long-Term Interest Rate Period, (iii) with respect to any Short-Term Segment, the Business Day next succeeding the last day thereof and (iv) with respect to each Interest Rate Period, in addition to the dates described above the day next succeeding the last day of each Interest Rate Period. Interest shall be payable to but not including each Interest Payment Date on the basis of a year of 365 or 366 days and actual days elapsed in Short-Term, Daily and Weekly Rate Periods and a 360-day year consisting of twelve 30-day months in Long-Term Interest Rate Periods.

"Interest Rate Period" means any Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period.

"Long-Term Interest Rate Index" means an assumed yield computed by the Indexing Agent for representative general obligation securities rated comparably to the Bonds and having the same number of 30-day periods to maturity as the number of such periods in the applicable Long-Term Interest Rate Period (determined by linear interpolation based on the yield for such securities having the next shorter number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period and the yield for such securities having the next longer number of 30-day periods to maturity than the number of 30-day periods in the applicable Long-Term Interest Rate Period), as most recently published before the date of determination thereof by such Indexing Agent.

"Long-Term Interest Rate Period" means each period during which a Long-Term Interest Rate is in effect.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Record Date" means with respect to any Interest Payment Date in respect of a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Segment, the Business Day next preceding such Interest Payment Date and, with respect to any Interest Payment Date in respect of a Long-Term Interest Rate Period, the fifteenth day next preceding such Interest Payment Date.

"S&P" means Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Short-Term Base Rate" shall mean with respect to any Short-Term Segment, the percentage per annum equal to the 30-day (if such Short-Term Segment is from 1 to 30 days in length), the 60-day (if such Short-Term Segment is from 31 to 60 days in length), the 90-day (if such Short-Term Segment is from 61 to 180 days in length), or the 270-day (if such Short-Term Segment is from 181 to 270 days in length), tax-exempt commercial paper rate most recently published, prior to the time of the determination of the Short-Term Interest Rate with respect to such Short-Term Segment, by Munifacts Wire System, Inc. or such other publisher as the Indexing Agent may select, or if such rate shall no longer be published, as determined by the Indexing Agent on the date of the determination of such Short-Term Interest Rate. Such tax-exempt commercial paper rate shall represent the average of 30-day, 60-day, 90-day or 270-day, as the case may be, yield evaluations at par of securities, the interest on

which is exempt from federal income taxation, of issuers of commercial paper which are rated by Moody's or S&P in its highest commercial paper rating category.

"Short-Term Interest Rate Period" means each period, comprised of one or more Short-Term Segments, during which Bonds bear interest at Short-Term Interest Rates.

"Short-Term Segment" means a period from one to 270 days within a Short-Term Interest Rate period during which a Short-Term Interest Rate is in effect.

"Treasury Rate" means the interest rate applicable to 13-week United States Treasury bills determined by the Indexing Agent on the basis of the average per annum discount rate at which such 13-week Treasury bills shall have been sold at the most recent Treasury auction.

"Weekly Interest Rate Period" means each period during which Bonds bear interest at Weekly Interest Rates.

Determination of Interest Rate Periods and Interest Rates

The term of the Bonds will be divided into consecutive Interest Rate Periods during each of which the Bonds will bear interest as described below.

Short-Term Interest Rate Period

Short-Term Segments and Short-Term Interest Rates. During each Short-Term Interest Rate Period, each Bond will bear interest during each Short-Term Segment for such Bond at the Short-Term Interest Rate. The Short-Term Segment and Short-Term Interest Rate for each Bond will be determined by the Remarketing Agent on the first day of each Short-Term Segment or on a Business Day selected by the Remarketing Agent not more than five Business Days prior to the first day of such Short-Term Segment, provided however, that no Short-Term Segment (other than for a Bond purchased on behalf of the Company and remaining unsold in the hands of the Remarketing Agent as of the close of business on the effective date of such Short-Term Segment) will be for a period of days less than the minimum number or greater than the maximum number of days announced no later than 2:00 p.m., New York time, on the Business Day immediately preceding the first day of any Short-Term Segment by the Remarketing Agent as possible Short-Term Segments. Each Short-Term Segment will be a period of not less than such minimum number nor greater than such maximum number of days so announced and not more than 270 days, determined by the Remarketing Agent to be the period which, together with all other Short-Term Segments for all Bonds then outstanding, will result in the lowest overall interest expense on the Bonds over time; provided, however, that any such Bond purchased on behalf of the Company and remaining unsold in the hands of the Tender Agent as of the close of business on the effective date of the Short-Term Segment for such Bond will have a Short-Term Segment of one day or, if such Short-Term Segment would not end on a day immediately preceding a Business Day, a Short-Term Segment of more than one day ending on the day immediately preceding the next Business Day; provided further, however, that (x) each Short-Term Segment shall end on a day which immediately precedes a Business Day or on the day prior to the Maturity Date, and (y) if for any reason a Short-Term Segment for any Bond so determined shall be held to be invalid or unenforceable by a court of law, or if the Remarketing Agent fails to determine a Short-Term Segment, (1) such Short-Term Segment will have the same number of days as the immediately preceding Short-Term Segment for such Bond, (2) if there should be no such immediately preceding Short-Term Segment, the Short-Term Segment shall be 30 days, (3) if the last day determined in accordance with clause (1) or (2) above shall not be a day immediately preceding a Business Day, the Short-Term Segment shall end on the first day immediately preceding the Business Day next succeeding such last day, or (4) if such last day would be after the day prior to the Maturity Date, the Short-Term Segment shall end on the day prior to the Maturity Date.

In determining the number of days in each Short-Term Segment, the Remarketing Agent will take into account the following factors: (I) existing and expected short-term taxable and tax-exempt market rates and indices of such short-term rates, (II) existing and expected market supply and demand for short-term taxable and tax-exempt securities in both the new issue and secondary markets, (III) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the Bonds, (IV) general economic and financial conditions, (V) industry, economic and financial conditions that may affect or be relevant to the Bonds, (VI) estimated transaction costs and administrative costs, (VII) the general desirability of diversified Short-Term Segments so as to minimize the risk of unforeseen temporary shifts in interest rates and (VIII) such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

The Short-Term Interest Rate for each Short-Term Segment for each Bond will be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the rate which, if borne by such Bond on such date of determination, would enable the Remarketing Agent to sell such Bond on the day on which such determination is made at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that (x) if for any reason a Short-Term Interest Rate so determined for any Short-Term Segment shall be held to be invalid or unenforceable by a court of law, the Short-Term Interest Rate for such Short-Term Segment will be the lesser of (I) the rate (not less than 80% of the Short-Term Base Rate) determined by the Remarketing Agent to be the minimum rate which, if borne by such Bond, would enable the Remarketing Agent to sell such Bond on such date at a price (without regard to accrued interest) equal to the principal amount thereof and (II) 120% of the Short-Term Base Rate, as determined by the Remarketing Agent, (y) if for any reason, the Short-Term Interest Rate for any Short-Term Segment cannot be determined as hereinabove provided, the Short-Term Interest Rate for such Short-Term Segment will be a percentage per annum, determined by the Remarketing Agent on the basis of the table set forth below, equal to the applicable percentage of the interest rate for taxable commercial paper (prime paper placed through dealers) of the applicable term most recently announced by the Federal Reserve Bank of New York at the time of such determination (where t = the maximum marginal corporate tax rate of federal income taxation):

Term of the Next Short-Term Segment	Applicable Term of Taxable Commercial Paper	Applicable Percentage
1 - 30 days	30 days	(1-t)-0.10(1-t)
31 - 60 days	60 days	(1-t)-0.05(1-t)
61 - 180 days	90 days	(1-t)+0.05(1-t)
181 - 270 days	180 days	(1-t)+0.10(1-t)

and (z) in no event shall any Short-Term Interest Rate be greater than 14% per annum.

Adjustment to Short-Term Interest Rate. The interest rate borne by the Bonds will be adjusted to a Short-Term Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice from the Company, which notice shall specify the effective date of the Short-Term Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the date of receipt by the Paying Agent and Trustee of such notice; (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of such Long-Term Interest Rate Period; provided, however, that, if prior to the Company's giving such notice any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Short-Term Interest Rate Period will not precede such redemption date. Such notice, if given during a Long-Term Interest Rate Period, may also specify the date prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice regarding the election to have their Bonds purchased and (2) such Bonds. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period, each Bond shall bear interest at a Short-Term Interest Rate during each Short-Term Segment for such Bond.

Notice of Adjustment to Short-Term Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Short-Term Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (1) that during such Short-Term Interest Rate Period, each Bond will have consecutive Short-Term Segments during each of which such Bond will bear a Short-Term Interest Rate, (2) the effective date of such Short-Term Interest Rate Period, (3) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (4) the procedures of such purchase, (5) that for each Bond, a Short-Term Segment and a Short-Term Interest Rate therefor will be determined not later than the first day of each such Short-Term Segment, (6) how such Short-Term Segments and Short-Term Interest Rates may be obtained from the Remarketing Agent, (7) that interest on each Bond will be paid on the day next succeeding each Short-Term Segment, but only upon presentation of such Bond, (8) that, subsequent to such effective date, each Bond shall be purchased on the day following the last day of each Short-Term Segment with respect thereto unless the owner of such Bond shall elect to retain such Bond, (9) the procedures for making such election, and (10) the redemption provisions that will apply to the Bonds during such Short-Term Interest Rate Period. If such notice is given during a Long-Term Interest Rate Period, such notice shall also state that all or that portion of Bonds not in Authorized Denominations are thereby called for redemption.

Adjustment from Short-Term Interest Rate Period. As a condition precedent to the election during a Short-Term Interest Rate Period to adjust to a different Interest Rate Period, the Company shall select (which selection shall be contained in the Company's notice directing an adjustment to a Daily Interest Rate Period or a Weekly

Interest Rate Period, or directing an adjustment to a Long-Term Interest Rate Period) one of the following two alternatives:

(1) determine Short-Term Segments of such duration that, as soon as possible, all Short-Term Segments shall end on the same date, not less than the 15th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of the Company's direction effecting such election; or

(2) determine Short-Term Segments that will, in the judgment of the Remarketing Agent, best promote an orderly transition to the next succeeding Interest Rate Period.

If alternative (1) above shall be selected, the date on which all Short-Term Segments so determined shall end shall be the last day of the then current Short-Term Interest Rate Period and the day next succeeding such date shall be the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. If alternative (2) shall be selected, beginning not less than the 15th day following the fifth Business Day after the receipt by the Trustee and the Paying Agent of the direction of the Company, the day next succeeding the last day of the then current Short-Term Segment with respect to each Bond shall be, with respect to such Bond, the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. The Remarketing Agent, promptly upon the determination thereof, shall give written notice of such last day and such effective dates to the Authority, the Company, the Paying Agent and the Trustee.

An adjustment from a Short-Term Interest Rate Period, as described under alternative (2) above, may result in some of the Bonds bearing interest at a Daily Interest Rate, Weekly Interest Rate or Long-Term Interest Rate while other Bonds continue to bear interest at Short-Term Interest Rates. The references in this Official Statement to Short-Term Interest Rates and Periods and Short-Term Segments therein, Daily Interest Rates and Periods, Weekly Interest Rates and Periods and Long-Term Interest Rates and Periods refer, during any such transitional period, to those Bonds bearing interest at such Interest Rates.

Daily Interest Rate Period

Daily Interest Rate. During each Daily Interest Rate Period, Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent on each Business Day for such Business Day.

The Daily Interest Rate shall be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the interest rate which, if borne by the Bonds on such date of determination, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that with respect to any day that is not a Business Day, the Daily Interest Rate shall be the same as the Daily Interest Rate for the immediately preceding Business Day.

If for any reason a Daily Interest Rate so determined for any day shall be held to be invalid or unenforceable by a court of law, the Daily Interest Rate for such day shall be the lesser of (1) the rate (not less than 80% of the Base Rate) determined by the Remarketing Agent to be the minimum rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal to the principal amount thereof, and (2) 120% of the Base Rate, as determined by the Remarketing Agent. If for any reason the Daily Interest Rate cannot be determined for any day as provided, the Daily Interest Rate for such day shall be a percentage per annum equal to 60% of Treasury Rate. In no event shall the Daily Interest Rate be greater than 14% per annum.

Adjustment to Daily Interest Rate. The interest rate borne by the Bonds shall be adjusted to a Daily Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice from the Company, which notice shall specify the effective date of the adjustment to a Daily Interest Rate which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of such notice, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then current Long-Term Interest Rate Period, and (3) in the case of an adjustment from ~~a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate~~ Period determined in accordance with clause (1) or (2) above under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice, if given during a Long-Term Interest Rate Period, may also specify the date or dates prior to such effective date on or prior to which the owners may deliver (1) notice regarding purchase of their Bonds and (2) such Bonds.

Notice of Adjustment to Daily Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Daily Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with alternative (2) under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period") of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Daily Interest Rate, (2) the effective date of such Daily Interest Rate Period, (3) the method by which the Daily Interest Rate shall be determined, (4) the Interest Payment Dates after such effective date, (5) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (6) the procedures of such purchase, (7) that, subsequent to such effective date, the owners of Bonds will have the right to require the purchase of Bonds on any Business Day, (8) the procedures of such purchase, and (9) the redemption provisions that will pertain to the Bonds during such Daily Interest Rate Period. If such notice is given during a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, such notice also shall state that all or portions of Bonds not in Authorized Denominations are thereby called for redemption.

Weekly Interest Rate Period

Weekly Interest Rate. During each Weekly Interest Rate Period, the Bonds shall bear interest at the Weekly Interest Rate, determined by the Remarketing Agent no later than 9:30 a.m. on the first day of each new Weekly Interest Rate Period and thereafter no later than 9:30 a.m. on the Business Day next preceding Wednesday of each week during such Weekly Interest Rate Period.

The Weekly Interest Rate shall be the rate determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the interest rate which, if borne by the Bonds on the date of such determination, would enable the Remarketing Agent to sell the Bonds on such Business Day at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof. If the Remarketing Agent shall not have determined a Weekly Interest Rate for any period, the Weekly Interest Rate for such period shall be the same as the Weekly Interest Rate for the immediately preceding period. If for any reason a Weekly Interest Rate so determined for any period shall be held to be invalid or unenforceable by a court of law, the Weekly Interest Rate for such period shall be the lesser of (1) the rate (not less than 80% of the Base Rate) determined by the Remarketing Agent to be the rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal to the principal amount thereof and (2) 120% of the Base Rate, as determined by the Remarketing Agent. If for any reason the Weekly Interest Rate cannot be determined for any period as provided, the Weekly Interest Rate for such period shall be a percentage per annum equal to 65% of the Treasury Rate. In no event shall the Weekly Interest Rate be greater than 14% per annum.

The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday; provided, however, if a Weekly Interest Rate Period shall end on a day other than Tuesday, the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day.

Adjustment to Weekly Interest Rate. The Interest Rate borne by the bonds shall be adjusted to a Weekly Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice by the Company, which notice shall specify the effective date of such adjustment to a Weekly Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after receipt by the Paying Agent and the Trustee of such notice, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then current Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under "THE BONDS – Short-Term Interest Rate Period – Adjustment from Short-Term Interest Rate Period." Such notice, if given during a Long-Term Interest Rate Period, may also specify a date or dates prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice demanding the purchase of their Bonds and (2) such Bonds.

Notice of Adjustment to Weekly Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Weekly Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with alternative (2) under "THE BONDS – Short-Term Interest Rate Period – Adjustment from Short-Term Interest Rate Period") of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Weekly Interest Rate, (2) the effective date of such Weekly Interest Rate Period, (3) the method by which the Weekly Interest Rate shall be determined, (4) the Interest Payment Dates after such effective date, (5) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (6) the procedures of such

purchase, (7) that, subsequent to such effective date, the owners of Bonds will have the right to require the purchase of their bonds on any Business Day upon not less than seven days' notice, (8) the procedures of such purchase, and (9) the redemption provisions that will pertain to the Bonds during such Weekly Interest Rate Period. If such notice is given during a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, such notice also shall state that all or portions of Bonds not in Authorized Denominations are thereby called for redemption.

Long-Term Interest Rate Period

Long-Term Interest Rate. During each Long-Term Interest Rate Period, the Bonds shall bear interest at the Long-Term Interest Rate determined by the Remarketing Agent on a Business Day, selected by the Remarketing Agent, not more than 15 days prior to the effective date of such Long-Term Interest Rate Period.

The Long-Term Interest Rate shall be the rate determined by the Remarketing Agent on such date, and filed on such date with the Paying Agent, the Trustee and the Company, by written notice or by telephone promptly confirmed by telecopy or other writing, as being the rate (based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) which, if borne by the Bonds on such date, would enable the Remarketing Agent to sell the Bonds on such Business Day at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof.

If for any reason a Long-Term Interest Rate so determined for any period shall be held to be invalid or unenforceable by a court of law, the Long-Term Interest Rate for such period shall be the lesser of (1) the rate (not less than 80% of the Long-Term Interest Rate Index) determined by the Remarketing Agent to be the minimum rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof, and (2) 120% of the Long-Term Interest Rate Index, as determined by the Remarketing Agent. If for any reason, a Long-Term Interest Rate for the Bonds cannot be determined as provided above, the Long-Term Interest Rate for the Bonds shall be a percentage per annum equal to the Long-Term Interest Rate Index or if for any reason such Long-Term Interest Rate Index cannot be determined, the Long-Term Interest Rate for such Long-Term Interest Rate Period shall be a percentage per annum equal to the Alternate Long-Term Interest Rate Index, as determined by the Remarketing Agent. In no event shall the Long-Term Interest Rate be greater than 14% per annum.

Adjustment to or Continuation of Long-Term Interest Rate. The interest rate borne by the Bonds shall be adjusted to or continued as a Long-Term Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent, of a written notice from the Company, which notice shall specify the duration of the Long-Term Interest Rate Period during which the Bonds shall bear interest at such rate. Such notice may specify two or more consecutive Long-Term Interest Rate Periods and, if it so specifies, shall specify the duration of each such Long-Term Interest Rate Period as provided in this paragraph. Such notice shall specify the effective date of such Long-Term Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after receipt by the Trustee of such notice from the Company, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of such Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under the "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice shall specify the last day of such Long-Term Interest Rate Period (which shall be either the day preceding the maturity date of the Bonds, or a day which both immediately precedes a Business Day and is more than 270 days after such effective date) and, if given during a Long-Term Interest Rate Period, may also specify a date or dates prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice demanding the purchase of their Bonds and (2) such Bonds.

If, by the fifth Business Day preceding the 15th day prior to the last day of any Long-Term Interest Rate Period, the Paying Agent and the Trustee shall not have received notice of the Company's election that during the next succeeding Interest Rate Period, the Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period of the same duration as the immediately preceding Long-Term Interest Rate Period; provided, however, that if the last day of any succeeding Long-Term Interest Rate Period shall not be a day immediately preceding a Business Day, then such succeeding Long-Term Interest Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day or, if such Long-Term Interest Rate Period would end after the day prior to the Maturity Date, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period ending on the day prior to the Maturity Date. In either case no opinion of bond counsel need be delivered.

Notice of Adjustment to or Continuation of Long-Term Interest Rate Period. The Paying Agent shall give notice of an adjustment to or continuation of a Long-Term Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date of such Long-term interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to, or continue to be, a Long-Term Interest Rate, (2) the effective date and the last day of such Long-Term Interest Rate Period, (3) that the Long-Term Interest Rate for such Long-Term Interest Rate Period will be determined on or prior to the effective date thereof, (4) how such Long-Term Interest Rate may be obtained from the Remarketing Agent, (5) the Interest Payment Dates after such effective date, (6) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (7) the procedures for such purchase, (8) that, during such Long-Term Interest Rate Period, owners of Bonds will not have the right to require the purchase of Bonds, except on the day following the last day of such Long-Term Interest Rate Period, and (9) the redemption provisions that will pertain to the Bonds during such Long-Term Interest Rate Period.

Adjustment of Interest Rate Period by Remarketing Agent

At any time during a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Interest Rate Period, the Remarketing Agent may adjust the Interest Rate Period to any other Interest Rate Period (except a Long-Term Interest Rate Period), if in the judgment of the Remarketing Agent, after consultation with the Company, such an adjustment would result in the lowest overall interest expense on the Bonds for a period of at least 90 days. To accomplish such an adjustment of an Interest Rate Period, the Remarketing Agent shall deliver a written direction to the Authority, the Company, the Paying Agent and the Trustee, similar to the written direction the Company is required to give as described under the subcaptions "Short-Term Interest Rate Period -- Adjustment to Short-term Interest Rate", "Daily Interest Rate Period--Adjustment to Daily Interest Rate" and "Weekly Interest Rate Period -- Adjustment to Weekly Interest Rate" and such notice shall have the same effect as if it had been given by the Company.

Determinations Binding

The establishment and determination of the various interest rates, interest indices and the basis therefor and the various Interest Rate Periods referred to herein by the Indexing Agent or the Remarketing Agent, as the case may be, shall be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the Authority, the Company and the owners of the Bonds.

Failure to Adjust Interest Rate Period

In the event that an attempted adjustment from one Interest Rate Period to another Interest Rate Period as provided in the Agreement does not become effective, the Interest Rate Period then in effect shall continue in effect (or if such Interest Rate Period is a Long-Term Interest Rate Period, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period of the same duration as the then-existing Long-Term Interest Rate Period as nearly as possible), but any purchases of Bonds or mandatory redemptions of Bonds (and purchases in lieu of certain mandatory redemptions) which would have taken place on the proposed effective date of such adjustment shall take place as if such attempted adjustment were in fact effective.

Purchase of Bonds at Option of Bondholders

SO LONG AS THE BOOK-ENTRY ONLY SYSTEM IS IN EFFECT, A BENEFICIAL OWNER SHALL GIVE NOTICE TO ELECT TO HAVE ITS BONDS PURCHASED OR TENDERED, THROUGH ITS PARTICIPANT, TO THE TENDER AGENT, AND SHALL EFFECT DELIVERY OF SUCH BONDS BY CAUSING THE DIRECT PARTICIPANT TO TRANSFER THE PARTICIPANT'S INTEREST IN THE BONDS, ON DTC'S RECORDS, TO THE TENDER AGENT. THE REQUIREMENT FOR PHYSICAL DELIVERY OF BONDS IN CONNECTION WITH A DEMAND FOR PURCHASE OR A MANDATORY PURCHASE WILL BE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DIRECT PARTICIPANTS ON DTC'S RECORDS.

Daily Interest Rate Period. During any Daily Interest Rate Period, any Bond shall be purchased by the Tender Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon (i) delivery by the owner of such Bond to the Tender Agent at its principal corporate trust office, by no later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written ~~notice or an irrevocable telephonic notice, which states the principal amount and number of such Bond and~~ (ii) delivery of such Bond to the Tender Agent at its principal corporate trust office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 12:00 noon, New York time, on such Business Day.

Weekly Interest Rate Period. During any Weekly Interest Rate Period, any Bond shall be purchased from its owner by the Tender Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon (i) delivery by the owner of such Bond to the Tender Agent at its principal corporate trust office of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing which states the principal amount and number of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent, and (ii) delivery of such Bond to the Tender Agent at its principal corporate trust office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York time, on the date specified in such notice.

On Day Next Succeeding the Last Day of Each Short-Term Segment or Long-Term Interest Rate Period. On the day next succeeding the last day of each Short-Term Segment or Long-Term Interest Rate Period, any Bond shall be purchased from its owner by the Tender Agent, at a purchase price equal to the principal amount thereof plus accrued interest upon (i) delivery by the owner of such Bond to the Tender Agent at its principal corporate trust office on or prior to the date specified for such delivery in the notice of the adjustment to such Interest Rate Period delivered as described under the subcaptions "Short-Term Interest Rate Period--Adjustment to Short-Term Interest Rate"; "Daily Interest Rate Period--Adjustment to Daily Interest Rate"; "Weekly Interest Rate Period--Adjustment to Weekly Interest Rate"; and "Long-Term Interest Rate Period -- Adjustment to or Continuation of Long-Term Interest Rate," or, if no such date shall have been so specified, on or prior to (A) in the case of a Short-Term Segment not later than 3:00 p.m. New York time, on the second Business Day (or if a Short-Term Segment has a term of only one day, then not later than 3:00 p.m., New York time on the Business Day) prior to such day or, (B) in the case of a Long-Term Rate Period the seventh day preceding the first day of the next succeeding Interest Rate Period, of an irrevocable written notice or an irrevocable telephonic notice promptly confirmed by telecopy or other writing, which states the principal amount and number of such Bond, and (ii) delivery of such Bond to the Tender Agent at its principal corporate trust office accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by the bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York Time, on the date specified for such delivery in the notice of the adjustment to such Interest Rate Period delivered as described under the subcaptions "Short-Term Interest Rate Period--Adjustment to Short-Term Interest Rate"; "Daily Interest Rate Period--Adjustment to Daily Interest Rate"; "Weekly Interest Rate Period--Adjustment to Weekly Interest Rate"; and "Long-Term Interest Rate Period--Adjustment to or Continuation of Long-Term Interest Rate", or, if no such date shall have been so specified, on the first day of the next succeeding Interest Rate Period.

On Day Next Succeeding Last Day of a Short-Term Interest Rate Period. On the day next succeeding the last day of each Short-Term Interest Rate Period for a Bond, such Bond shall be purchased from its owner by the Tender Agent, at a purchase price equal to the principal amount thereof plus accrued interest unless such owner shall deliver to the Tender Agent at its principal corporate trust office not later than 3:00 p.m. New York time, on the second Business Day (or if a Short-Term Segment has a term of only one day, then not later than 3:00 p.m., New York time on the Business Day) prior to such day, such Bond together with written notice which states the principal amount and number of such Bond and that such Bond shall not be so purchased. The purchase price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its principal corporate trust office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange.

Remarketing of Bonds

Upon the giving of notice to the Tender Agent by any Bondholder as described above, the Tender Agent shall promptly notify the Remarketing Agent of such notice and the Remarketing Agent shall offer for sale and use its best efforts to sell at the best available price the Bonds referred to in such notice on the date on which such Bonds are to be purchased; provided that the Remarketing Agent shall not sell any Bond if the amount to be received from the sale of such Bond is less than the purchase price to be paid for such Bond.

Purchase of Bonds by Tender Agent

On the date Bonds are to be purchased by the Tender Agent as described in "THE BONDS--Purchase of Bonds at the Option of Bondholders," the Tender Agent shall purchase such Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(a) proceeds of the sale of such Bonds by the Remarketing Agent; and

(b) moneys furnished by the Company for such purpose pursuant to its obligations under the Agreement.

Irrevocable Notice or Failure to Give Notice Deemed to be Tender of Bond. The giving of notice or the failure to give notice shall constitute the irrevocable tender for purchase of each Bond with respect to which such notice shall have been given or not given, as the case may be, irrespective of whether such Bond shall be delivered as provided above. Upon the purchase by the Tender Agent of each Bond so tendered or deemed to be tendered, such Bond shall cease to bear interest payable to the former owner thereof, who thereafter shall have no rights with respect thereto, other than the right to receive the purchase price thereof upon surrender of such Bond to the Tender Agent and such Bond shall no longer be deemed outstanding.

Redemption of Bonds

Optional Redemption - Short-Term Interest Rate Period. On the day next succeeding the last day of any Short-Term Segment during any Short-Term Interest Rate Period with respect to any Bond, such Bond shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of its principal amount, plus accrued interest, if any, to the redemption date.

Optional Redemption - Daily Interest Rate Period or Weekly Interest Rate Period. On any Business Day during a Daily Interest Rate Period or a Weekly Interest Rate Period, and on the day next succeeding the last day of each such Interest Rate Period, the Bonds are subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of their principal amount, plus accrued interest, if any, to the redemption date.

Optional Redemption - Long-Term Interest Rate Period. During any Long-Term Interest Rate Period, and on the day next succeeding the last day of each Long-Term Interest Rate Period, the Bonds shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole at any time or in part from time to time, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued interest, if any, to the redemption date:

Length of Rate Period	No Call Period	Redemption Price
Greater than 15 years	10 years	102%, declining by 1% on each succeeding anniversary of the redemption period after the no call period until reaching 100% and thereafter at 100%
Greater than 12 but not greater than 15 years	8 years	102%, declining by 1% on each succeeding anniversary of the redemption period after the no call period until reaching 100% and thereafter at 100%
Greater than 9 but not greater than 12 years	6 years	101%, declining by 1% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 6 but not greater than 9 years	4 years	100-1/2%, declining by 1/2% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 3 but not greater than 6 years	2 years	100-1/2%, declining by 1/2% on the next anniversary of the redemption period after the no call period and thereafter at 100%
Greater than 1 but not greater than 3 years	1 year	100%

1 year or less	Bonds not subject to optional redemption until commencement of next Long-Term Interest Rate Period

Notwithstanding the foregoing, if, prior to the commencement of a Long-Term Interest Rate Period, the Remarketing Agent informs the Company, the Authority and the Trustee that the foregoing provisions are not consistent with then prevailing market conditions, the foregoing redemption prices and no call periods may be revised in accordance with the best professional judgment of the Remarketing Agent to reflect then prevailing market conditions; provided that, in connection with such change, the Company delivers to the Authority, the Trustee and the Remarketing Agent an opinion of nationally recognized bond counsel that such change does not adversely affect the exclusion of interest on the Bonds from gross income of the holders thereof for federal income tax purposes.

Mandatory Redemption on First Day of Certain Interest Rate Periods. The Bonds shall be subject to mandatory redemption by the Authority at a redemption price specified in the second immediately succeeding paragraph (i) on the first day of each Long-Term Interest Rate Period (other than a Long-Term Interest Rate Period immediately succeeding a Long-Term Interest Rate Period of more than one year in duration, both of which shall be equal in length, as nearly as possible); (ii) on the first day of each Daily Interest Rate Period and Weekly Interest Rate Period which follows a Long-Term Interest Rate Period; and (iii) on the first day of each Short-Term Interest Rate Period; provided, that there shall not so be redeemed (a) Bonds which shall have been tendered for purchase and purchased by the Tender Agent as described under the heading "THE BONDS--Purchase of Bonds at Option of Bondholders" either on such redemption date or on any day during the 10-day period preceding such redemption date, (b) Bonds or portions of principal amount thereof which will be in Authorized Denominations on such redemption date with respect to which the Tender Agent shall have received directions not to so redeem the same from the owners thereof as described under the heading "THE BONDS--Redemption of Bonds--Waiver of Mandatory Redemption by Owner," (c) Bonds issued in exchange for or upon the registration of transfer of Bonds and such portions of principal amount referred to in clauses (a) and (b) above, and (d) Bonds or such portions of principal amount thereof purchased by the Company as described under the heading "THE BONDS--Redemption of Bonds--Purchase by Company in Lieu of Redemption."

Mandatory Redemption of Bonds Not in Authorized Denominations. That portion of any Bond which causes such Bond to be not then in an Authorized Denomination shall be subject to mandatory redemption by the Authority at the redemption prices specified in the immediately succeeding paragraph on the first day of each Daily Interest Rate Period, Weekly Interest Rate Period or Short-Term Interest Rate Period.

Redemption Prices. Any redemption pursuant to the two immediately preceding paragraphs shall be at the redemption price of 100% of the principal amount of such Bonds or, in the case of a redemption on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a redemption price equal to the redemption price as described under the heading "THE BONDS--Redemption of Bonds--Optional Redemption-Long-Term Interest Rate Period" which would have been applicable to the Bonds on such redemption date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day.

Waiver of Mandatory Redemption by Owner. Any owner of Bonds may direct the Tender Agent not to redeem its Bonds (or portions of principal amount thereof in Authorized Denominations) upon the occurrence of the events described under the heading "THE BONDS--Mandatory Redemption on First Day of Certain Interest Rate Periods," by delivering to the Tender Agent at its principal corporate trust office on or prior to the earlier to occur of (i) the date on which the notice described under the heading "THE BONDS--Purchase of Bonds at the Option of Bondholders" is required to be delivered for Bonds to be purchased on the date for such redemption, or (ii) the date five days prior to the date of such redemption an instrument which (1) states that such person is the owner of such Bond and specifies the number and denomination of such Bond, (2) states that such owner has knowledge of the Interest Rate Period to commence on such redemption date, (3) if applicable, states that the redemption price will be at a premium, and (4) directs the Authority not to redeem such Bond or portion of principal amount thereof specified therein. Any instrument so delivered to the Tender Agent shall be irrevocable with respect to the redemption for which such instrument was delivered and shall be binding upon subsequent owners of such Bond or portion of principal amount thereof, including Bonds issued in exchange therefor or upon the registration of transfer thereof; but such instrument shall have no effect upon any subsequent redemption of Bonds.

Mandatory Redemption Upon Taxability. The Bonds are subject to special mandatory redemption prior to maturity at any time, as a whole or in part (and if in part, by lot or other customary means) if such partial redemption will preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes

at a redemption price equal to the principal amount thereof, plus interest accrued to the redemption date, without premium, in the event that the interest payable on any Bond has become subject to federal income tax in accordance with the Agreement. Any such redemption shall be made not later than 180 days from the date of such determination.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption as a whole at the option of the Company on any date selected by the Company, but not less than 45 nor more than 180 days after the Company shall have given notice of its exercise of the right to prepay the Bonds, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date if:

(i) in the opinion of the Company, the continued operation by the Company of the Units is impracticable, uneconomical or undesirable due to (A) the imposition of taxes or other liabilities or burdens not being imposed as of the date of the Agreement, (B) changes in technology or in the economic availability of raw materials or operating supplies or equipment or (C) destruction of or damage to all or a substantial portion of the Units; provided, however, that the Company may not exercise its right to redeem the Bonds for reasons described in this clause (i) if any portion of the redemption price is to be paid from the proceeds of tax-exempt bonds; or

(ii) all or substantially all of the Units have been condemned or taken by eminent domain; or

(iii) the operation by the Company of the Units shall have been enjoined and the Company shall have been prevented from carrying on normal operations at the Units for a period of six months or more; or

(iv) in the event the First Mortgage Bonds have been issued, all or substantially all the mortgaged and pledged property constituting bondable property which at the time shall be subject to the lien of the First Mortgage as a first lien shall be released from the lien of the First Mortgage pursuant to the provisions thereof, and available moneys in the hands of the trustee or trustees at the time serving as such under the First Mortgage, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the first mortgage bonds of all series issued pursuant to the First Mortgage at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

Purchase by Company in Lieu of Redemption. Bonds called for and subject to redemption upon the occurrence of events described under "THE BONDS--Mandatory Redemption on First Day of Certain Interest Rate Periods" shall be purchased by the Company as specified in the Agreement on the date on which such Bonds or portions of Bonds were to have been redeemed at a purchase price equal to the price at which such Bonds or portions of Bonds were to have been redeemed, if the Company shall give notice to the Paying Agent, the Trustee, and the Remarketing Agent before such date specifying the principal amount of Bonds or portions thereof to be so purchased. The Tender Agent shall pay the purchase price of Bonds or portions thereof to be so purchased by the Company from proceeds of the remarketing of such Bonds by the Remarketing Agent or from moneys deposited with the Tender Agent by the Company.

Notice of Redemption. Except for mandatory redemptions occurring on the first day of a Short-Term Segment, notice of the call for any redemption of Bonds or any portion thereof identifying the Bonds or portions thereof to be redeemed, specifying the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue, shall be given by the Paying Agent by mailing a copy of the redemption notice by first-class mail to the owner of each Bond so to be redeemed in whole or in part at the address shown on the registration books. All redemption notices sent to Bondowners by the Paying Agent shall simultaneously be sent by registered or certified mail, postage prepaid to at least two (2) national information services that publish or disseminate notices of redemption of obligations such as the Bonds, and all registered securities depositories that are registered owners of the Bonds, provided that the failure to give such notice shall not affect the validity of any notice given to the Bondholders. The selection of the national information services to receive any notice shall be at the sole discretion of the Paying Agent. Such notice shall be given at least 15 days prior to the date fixed for redemption; provided, however, that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds with respect to which no such failure or defect occurred.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Paying Agent shall select the Bonds or portions thereof to be redeemed, in such manner as in the Trustee's sole discretion it shall deem appropriate and fair. The Paying Agent shall promptly notify the Authority and the Company in writing of the Bonds or portions thereof selected for redemption; provided, however, that in connection with any redemption of Bonds the Paying Agent shall first select for redemption any Bonds held by the Tender Agent for the account of the Company or held of record by the Company. If it is determined that one or more, but not all, of

the portions of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such portion or portions, the owner of such Bond shall forthwith surrender such Bond to the Paying Agent for (a) payment to such owner of the redemption price of the portion or portions of principal amount called for redemption, and (b) delivery to such owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of the Bond. New Bonds representing the unredeemed balance of the principal amount of such Bonds shall be issued to the owner thereof, without charge therefor. If the owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion or portions of principal amount called for redemption (and to that extent only).

THE LOAN AND TRUST AGREEMENT

The following is a summary of certain provisions of the Agreement, not including the provisions summarized above describing the Bonds.

Payments by the Company

The Company will pay to the Trustee or the Paying Agent, as appropriate, for the account of the Authority an amount equal to the aggregate principal amount of the Bonds plus interest thereon at the rate paid on the Bonds and redemption premium, if any. Such amounts will be paid in installments due on the dates, in the amounts and in the manner provided in the Agreement for the payment of the principal of and premium, if any, and interest on the Bonds whether at maturity, upon redemption or otherwise.

Payments for Bonds Delivered for Purchase

In consideration of the issuance of the Bonds by the Authority, but for the benefit of the Bondholders, the Company will pay or cause to be paid to the Tender Agent amounts equal to the amounts to be paid by the Tender Agent pursuant to the Agreement for the purchase of outstanding Bonds, such amounts to be paid by the Company on the dates such payments by the Tender Agent are to be made.

Obligation Absolute

The Company's obligation to make payments of principal, interest and premium, if any, and to make, or cause to be made, payments to the Tender Agent for the purchase of Bonds is absolute and unconditional, and the Company (1) will not suspend or discontinue payments, (2) will perform and observe all of its other agreements contained in the Agreement, and (3) except as permitted in the Agreement, will not terminate the Agreement for any reason. If sufficient funds are not available to the Tender Agent for the purchase of all Bonds tendered, the Tender Agent shall not consummate the purchase of any Bonds.

Creation of Subordinated Security Interest

As security for the performance by the Company of its obligations under the Agreement, the Company has granted to the Authority a Subordinated Security Interest in the Project. The Authority has assigned the Subordinated Security Interest to the Trustee for the benefit of the Bondholders. The security interest granted (including the Authority's rights of possession or repossession of the Project or any rights conferred upon the Authority under the Uniform Commercial Code of the State of Florida or otherwise) shall at all times be subject to (1) the rights of the holders of the first mortgage bonds of the Company, including the First Mortgage Bonds, issued and outstanding or to be issued under the lien of the First Mortgage, and (2) any future security interest or lien created to secure any indebtedness or other obligations of the Company now existing, to be issued in the future, or incurred under any indenture or other instrument which expressly provides that any such security interest or lien securing such indebtedness or obligations shall be superior to the security interest granted. The Subordinated Security Interest may be released with respect to any part of the Project which has been released from the lien of the First Mortgage or the lien of any other future security interest or lien superior to the Subordinated Security Interest.

Pledge of First Mortgage Bonds

Although the Company has not elected to do so, in order to provide collateral security for the Company's obligations to make payment of installments, the Company may elect to issue and deliver to the Trustee a series of First Mortgage Bonds, registered in the name of the Trustee, which shall have the same stated rate or rates of interest prior to maturity, payable at the same times, and which shall become due in the same principal amount or amounts, either by redemption or by maturity, on the same date or dates, as the Bonds. The First Mortgage Bonds shall be held subject to the terms and provisions of the Agreement and the First Mortgage.

To exercise this election, the Company shall, not less than 14 days prior to the proposed date of delivery of the First Mortgage Bonds, (1) give to the Authority, the Trustee, nationally recognized securities rating organizations and the Remarketing Agent written notice that designates the date on which such First Mortgage Bonds will be delivered, and (2) deliver to the Trustee and the Authority a written opinion of Bond Counsel to the effect that such election and the delivery of such First Mortgage Bonds will not cause the interest on the Bonds to become subject to federal income tax.

Indemnification

The Company has agreed to indemnify the Authority, the Paying Agent, the Tender Agent, the Remarketing Agent and the Trustee against claims arising out of the construction or operation of the Project and to pay or bond and discharge and indemnify and hold harmless the Authority from and against (1) any lien or charge upon payments by the Company to or for the account of the Authority and (2) any taxes, assessments, impositions and other charges of any federal, state or municipal government or political body in respect of the Project. The Company shall also protect and hold the Authority, the Paying Agent, the Tender Agent and the Remarketing Agent harmless against any claim or liability arising from the Agreement, the bond resolution, the issuance of the Bonds and all transactions pertaining thereto, including but not limited to any loss or damage to property or any injury to or death of any person that may be occasioned by any cause pertaining to the Project or to the use thereof, in excess of any insurance proceeds available to the Authority in connection with the Project.

Assignment; Merger

Under certain conditions, the Company may assign its interest in the Agreement and lease or sell the Project, in whole or in part. No such assignment, lease or sale will operate to relieve the Company from its primary liability for its obligation to make the payments of principal of, premium, if any, and interest on the Bonds or to make payments with respect to the purchase of Bonds.

The Company may consolidate with or merge into, or sell or otherwise transfer all or substantially all of its assets to, another corporation incorporated under the laws of one of the states of the United States and qualified to do business in the State of Florida if the surviving, resulting or transferee corporation, if not the Company, assumes in writing all obligations of the Company under the Agreement.

Pledge and Security

Pursuant to the Agreement, the Authority has pledged to the Trustee all payments by the Company under the Agreement to secure the payment of the principal of and premium, if any, and interest on the Bonds. The Authority has also pledged and assigned to the Trustee all its other rights and interests under the Agreement (other than its rights to indemnification and reimbursement of expenses contained in the Agreement).

Deposit of Bond Proceeds

The proceeds of the sale of the Bonds shall be deposited first to the Debt Service Fund in an amount equal to the accrued interest, if any, paid by the purchasers of the Bonds, then the remaining balance to the Construction Fund.

Investments

The moneys in the Debt Service Fund, the Redemption Fund and the Construction Fund will, at the direction of the Company, be invested in securities or obligations specified in the Agreement. All income or other gain from such investments will be credited, and any loss will be charged, to the particular fund from which the investments were made.

Establishment of Funds

The following funds shall be established and maintained with the Trustee (or, in certain cases, with the Paying Agent, as set forth below) for the account of the Company, to be held in trust and applied subject to the provisions of the Agreement:

Debt Service Fund;
Construction Fund;
Redemption Fund;
First Mortgage Bond Fund.

The Construction Fund shall be established and maintained by the Trustee. The Debt Service Fund and the Redemption Fund shall be established and maintained by the Trustee if the Trustee also serves as the Paying Agent, and otherwise shall be established and maintained by the Paying Agent.

Debt Service Fund

The moneys and investments held in the Debt Service Fund shall be applied, except as otherwise provided, to the payment of the principal, redemption premiums, if any, and interest on the Bonds.

Construction Fund

Moneys in the Construction Fund are held by the Trustee in trust and are to be applied to the payment of the cost of the Project and any improvements thereto and, pending such application, are subject to a lien and charge in favor of the holders of the Bonds.

Upon completion of the Project, any balance remaining in the Construction Fund shall be (1) applied to the redemption of principal of Bonds at the earliest date permitted, or (2) applied to other purposes which, in the opinion of nationally recognized bond counsel, are not inconsistent with the provisions of the Act as then in effect and shall not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Redemption Fund

The moneys and investments held in the Redemption Fund shall be applied, except as otherwise provided, to the redemption of Bonds. The Trustee or the Paying Agent, as appropriate, may, and upon written direction of the Company for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid by the Company.

If on any date the amount in the Debt Service Fund is less than the amount then required to pay the principal and interest then due on the Bonds, the Trustee or the Paying Agent, as appropriate, shall transfer the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the Debt Service Fund to the extent necessary to meet the deficiency. The Company shall remain liable for any sums which it has not paid into the Debt Service Fund, and any subsequent payment thereof shall be used to restore the funds so applied.

First Mortgage Bond Fund

All payments, if any, made on the First Mortgage Bonds shall be deposited to the First Mortgage Bond Fund. Any funds in the First Mortgage Bond Fund shall be applied first to any amounts which the Company may be required to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund, and the balance, if any, shall be transferred to the Redemption Fund.

Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal, redemption premium, if any, and interest on the outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee and the Paying Agent in accordance with the Agreement, be applied first to the payment of interest (other than on Bonds owned by the Company), including interest on overdue principal, and second to the payment of principal and redemption premiums (other than on Bonds owned by the Company), if any, without regard to the order in which the same became due (in proportion to the amounts due). Whenever moneys are to be applied pursuant to this paragraph, such moneys shall be so applied from time to time as the Trustee or the Paying Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee or the Paying Agent shall apply moneys pursuant to this paragraph it shall fix the date (which shall be the first of a month unless the Trustee or the Paying Agent shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee or the Paying Agent shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Paying Agent may require presentation of the Bond for endorsement of the payment.

Payments by the Company

On the date on which a payment of principal or interest is due, the Company shall pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to such payment less the amount, if any, in the Debt Service Fund and available therefor.

The payments to be made under the foregoing paragraph shall be appropriately adjusted to reflect the date of issue of Bonds, accrued interest deposited in the Debt Service Fund, if any, and any purchase or redemption of Bonds so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal due or coming due on the Bonds and so that accrued interest will be applied to the installments of interest to which it is applicable.

At any time when any principal of the Bonds is overdue, the Company shall also have a continuing obligation to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required as described above shall not otherwise bear interest. Redemption premiums shall not bear interest.

Payments by the Company to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Company to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal and interest on the Bonds when due, the Company shall supply the deficiency.

Within thirty (30) days after notice, the Company shall also pay all expenditures (except general administrative expenses or overhead) reasonably incurred by the Authority by reason of the Agreement and the reasonable fees and expenses of the Trustee and the Paying Agent.

Defaults

Each of the following events will constitute an "Event of Default" under the Agreement:

(1) Failure by the Company to make when due any payment of principal, premium, if any, or interest on the Bonds or any payment required to be made with respect to the purchase of Bonds;

(2) Certain events of bankruptcy or insolvency relating to the Company shall have occurred;

(3) First Mortgage Bonds have been delivered in connection with the Bonds and a default under the First Mortgage shall have occurred and be continuing; or

(4) A failure by the Authority to observe and perform any other covenant, condition, agreement or provision contained in the Bonds or the Agreement (other than a failure described in clause (1), (2) or (3) above), which failure shall continue for a period of 90 days after written notice given to the Authority and the Company by the Trustee, which notice may be given in the discretion of the Trustee and shall be given at the written request of the holders of not less than 25% in principal amount of Bonds then outstanding, unless such period is extended by the Trustee and the holders of a principal amount of Bonds not less than the principal amount of Bonds the holders of which requested such notice, as the case may be; provided, however, that the Trustee and the holders of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority or the Company on behalf of the Authority within such period and is being diligently pursued.

Remedies

Upon the occurrence and continuance of an Event of Default described in clause (1), (3) or (4) of the preceding paragraph, and further upon the condition that if any First Mortgage Bonds have been delivered, all First Mortgage Bonds outstanding shall have become immediately due and payable in accordance with the terms of the First Mortgage, the Trustee may, and at the written request of holders of not less than 25% in principal amount of Bonds then outstanding shall, by written notice to the Authority and to the Company, declare the Bonds to be immediately due and payable, and upon the occurrence of an event of default described in clause (2) of the preceding paragraph, the Bonds shall, without further action, become and be immediately due and payable, anything in the Agreement or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice of acceleration to the Authority, the Paying Agent and the Remarketing Agent and shall give notice thereof to holders of the Bonds.

The provisions described in the preceding paragraph, however, are subject to the condition that if after the principal of the Bonds shall have been so declared to be due and payable, and before any judgment or decree for

the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company or the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Agreement) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Agreement other than nonpayment of the principal of Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority, the Company, the Paying Agent and the Remarketing Agent, and shall give notice thereof to holders of the Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon. A waiver of default under the First Mortgage and a rescission and annulment of its consequences constitutes a waiver of the corresponding Event of Default under the Agreement, and a rescission and annulment of its consequences. The Trustee shall promptly give notice of such waiver as specified above.

Upon the occurrence of any Event of Default under the Agreement, the Trustee may proceed to pursue any available remedy to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding, including, without limitation, suits, actions or special proceedings in equity or at law. The Trustee is not required to take any action in respect of an Event of Default or to enforce the trusts created by the Agreement except upon the written request of the holders of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it. The holders of a majority in principal amount of Bonds then outstanding will have the right to direct the method and place of conducting all remedial proceedings under the Agreement.

No holder of any Bond will have any right to institute suit or to execute any trust or power of the Trustee unless such holder has previously given the Trustee written notice of an Event of Default and unless also the holders of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity had been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Agreement, the right of the holder of any Bond to enforce the payment of the principal of, premium, if any, and interest on such Bond at or after the maturity thereof will not be impaired or affected.

Limitations on Bondholders' Remedies

Upon a failure of the Company to make a required debt service or purchase price payment when the same becomes due and payable, the Paying Agent shall so notify the Trustee and the Trustee shall give written notice of such default to the Authority and the Company. The Trustee shall not be required to take notice of any other breach or default by the Company or the Authority, and the Authority shall not be required to take notice of a breach or default by the Company, in each case unless given written notice thereof by the owners of at least 25% in principal amount of the outstanding Bonds. The Trustee shall give default notices and accelerate payments, and the Authority shall give default notices, in each case when so instructed in writing by the owners of at least 25% in principal amount of the outstanding Bonds. The Trustee shall institute legal proceedings to enforce the obligations of the Authority in accordance with the written directions of the owners of a majority in principal amount of the outstanding Bonds. Neither the Trustee nor the Authority shall be required to take remedial action (other than acceleration, in the case of the Trustee, or the giving of notice), unless reasonable indemnity is furnished for any expense or liability to be incurred therein.

No Bondholder shall have any right to institute any legal proceedings for the enforcement of the Agreement or any applicable remedy under the Agreement unless the Trustee has failed or refused to take action as required by the Agreement.

Defeasance

When there are in the Debt Service Fund and the Redemption Fund sufficient funds, or certain obligations issued or guaranteed by the United States as provided in the Agreement in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights of the Authority, the Trustee and the Paying Agent have been provided for, upon written notice from the Company to the Authority, the Trustee and nationally recognized securities rating organizations, the Bondholders shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment, and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement, the security interests, including the Subordinated

Security Interest, created by the Agreement (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee and the Paying Agent. Upon defeasance of the Agreement, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose subject to the requirements of the Agreement, and moneys held for defeasance shall be invested only as provided above in this paragraph. Any funds or property held by the Trustee or the Paying Agent and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Company upon such indemnification, if any, as the Authority or the Trustee may reasonably require.

Removal of Trustee

The Trustee may be removed, and a successor Trustee appointed, by the holders of not less than a majority in aggregate principal amount of Bonds at the time outstanding.

Supplemental Agreements

The Agreement may be modified or amended by supplemental agreements without the consent of or notice to the Bondholders for any of the following purposes:

(1) To add to the covenants and agreements of the Authority or the Company contained in the Agreement other covenants and agreements thereafter to be observed, and to surrender any right or power therein reserved to or conferred upon the Authority or the Company;

(2) To modify any of the provisions of the Agreement or release the Authority from any of the obligations, conditions or restrictions therein contained; provided, that no such modification or release shall be or become operative or effective which shall in any manner impair any of the rights of the Bondholders or the Trustee; and provided further, that the Trustee may in its sole discretion decline to enter into any such supplemental agreement which in its opinion may not afford adequate protection to the Trustee when the same shall become operative;

(3) To cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Agreement or in any supplemental agreement in a manner which, in the opinion of bond counsel of nationally recognized standing, is not adverse to the interests of the Bondholders;

(4) To make such provision in regard to matters or questions arising under the Agreement as may be necessary or desirable and not inconsistent with the Agreement and not, in the opinion of bond counsel of nationally recognized standing, adverse to the interests of the Bondholders;

(5) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(6) To change the method for determining any interest rate or Interest Rate Period in a manner not to the prejudice of the Trustee or Bondholders;

(7) To change the conversion notice periods and related purchase procedures in a manner not to the prejudice of the Trustee or the Bondholders;

(8) To make any change which is required by nationally recognized securities rating organizations in order to obtain or maintain a rating of the Bonds; provided, that no such change, in the opinion of bond counsel of nationally recognized standing, shall adversely affect the exclusion of interest on the Bonds from gross income of the holders thereof for federal income tax purposes; or

(9) To make any other change which, in the opinion of bond counsel of nationally recognized standing, does not materially adversely affect the rights of the Authority or any Bondholder.

Exclusive of supplemental agreements entered into for the purposes described in the preceding paragraphs, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Agreement to the contrary notwithstanding, to consent to and approve the execution by the Company, the Authority and the Trustee of such other agreement or agreements supplemental to the Agreement as shall be deemed necessary and desirable by the Company for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Agreement or in any supplemental agreement; provided, however, that nothing

in the Agreement contained shall permit, or be construed as permitting without the consent of the holders of the Bonds then outstanding affected thereby (1) an extension of the maturity of the principal of or premium, if any, or the interest on or redemption date of any Bond issued thereunder, or a change in the terms of the purchase of Bonds delivered to the Tender Agent, (2) a reduction in the principal amount of any Bond or the rate of interest or redemption premium thereon, or a change in the method of determining the rate of interest thereon, (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (4) a reduction in the aggregate principal amount of the Bonds required for consent to such modification, amendment or supplemental agreement, or (5) impairment of the exemption from federal income taxation of interest on any of the outstanding Bonds.

THE TRUSTEE

NationsBank of Florida, N.A., the Trustee, is a depository for part of the Company's funds and has extended to the Company a line of credit.

TAX EXEMPTION

In the opinion of Palmer & Dodge, Boston, Massachusetts, Bond Counsel, under existing law interest on the Bonds is excluded from the gross income of the recipient thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the applicable provision of the Internal Revenue Code (the "Code").

Interest on the Bonds will be treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations.

The Code establishes certain requirements regarding the use of the Project, the expenditure and investment of proceeds of the Bonds, and the payment of rebates to the United States which must be continuously satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to remain excluded from gross income. Failure to comply with these requirements could cause interest on the Bonds to become included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take all lawful action necessary under presently existing federal tax law to ensure that interest on the Bonds will remain excluded from gross income for federal income tax purposes and to refrain from taking any action which would cause interest on the Bonds to become included in such gross income, except with respect to any Bond owned by a substantial user of the Project or a related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds shall be redeemed within 180 days at par plus accrued interest in whole, or to the extent required so that the remaining outstanding Bonds will not be subject to federal income tax. See "THE BONDS -- Redemption of Bonds - Mandatory Redemption Upon Taxability" herein.

Prospective purchasers of the Bonds should also be aware that the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, for that portion of the owner's interest expense allocated to interest on the Bonds. For insurance companies subject to the tax imposed by Section 831 of the Code, the deduction of loss reserves is reduced by 15 percent of the sum of certain items, including interest on the Bonds. In addition, interest on the Bonds earned by certain corporations could be subject to the environmental tax imposed by Section 59A of the Code, or the foreign branch profits tax imposed by Section 884 of the Code, and may be included in passive investment income subject to federal income taxation under Section 1375 of the Code applicable to certain S corporations. The Code also requires recipients of certain social security and certain railroad retirement benefits to take into account, in determining the portion of such benefits that are included in gross income, receipts or accruals of interest on the Bonds.

Under existing Florida law, Florida Statutes §159.31, the Bonds, their transfer and the income therefrom (including any profit on the sale thereof) are free from taxation by the state, or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations by corporations.

UNDERWRITING

Goldman, Sachs & Co., as Underwriter, has agreed, subject to certain terms and conditions, to purchase the Bonds from the Authority at a discount of $60,000, from the public offering price shown on the cover page. The Underwriter is committed to purchase all of the Bonds if any are purchased. The Company has also agreed to pay Goldman, Sachs & Co. certain fees, payable from time to time, in connection with its services as Remarketing Agent and Indexing Agent.

The Company has agreed to indemnify the Underwriter and the Authority against certain liabilities, including liabilities under the federal securities laws, in connection with certain portions of this Official Statement, including Appendix A hereto.

The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing any of the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Palmer & Dodge, Boston, Massachusetts, as Bond Counsel. Sheila M. McDevitt, Counsel for the Company, will pass upon certain legal matters for the Company. Certain legal matters will be passed upon for the Underwriter by Ropes & Gray, Boston, Massachusetts, Counsel for the Underwriter, and for the Authority by Morrison, Morrison & Mills, P.A., Tampa, Florida, Counsel for the Authority.

This Official Statement has been duly authorized, executed and delivered by the Authority.

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By: /s/ Earl Haugabook
Chairman

APPENDIX A

TAMPA ELECTRIC COMPANY

Replaced by Appendix A of the Remarketing Supplement.

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APPENDIX B

Proposed Opinion of Bond Counsel

[Letterhead of Palmer & Dodge]

June 24, 1993

Hillsborough County Industrial
Development Authority
c/o Thomas K. Morrison
Morrison, Morrison & Mills, P.A.
600 North Florida Avenue - Suite 17000
Tampa, Florida 33602

Goldman, Sachs & Co.
22 Broad Street
New York, New York 10004

NationsBank of Florida, N.A. as Trustee
400 North Ashley Drive, 6th Floor
Tampa, Florida 33602

$20,000,000
Hillsborough County Industrial Development Authority
Pollution Control Revenue Bonds
(Tampa Electric Company Project)
Series 1993

We have acted as bond counsel in connection with the issuance by the Hillsborough County Industrial Development Authority (the "Authority") of the above-captioned bonds (the "Bonds").

The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of June 23, 1993 (the "Agreement") among the Authority, NationsBank of Florida, N.A., as trustee (the "Trustee") and Tampa Electric Company (the "Company"). Under the Agreement, the Company has agreed to make payments to be used to pay when due the principal of and premium (if any) and interest on the Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Authority under the Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged by the Authority as security for the Bonds. The Bonds are to be payable solely from Revenues.

Reference is made to the opinion of Sheila M. McDevitt, Esq., counsel to the Company, of even date with respect to, among other matters, the corporate status, good standing and qualification to do business of the Company, the corporate power of the Company to enter into and perform the Agreement, the execution and delivery of the Agreement by the Company, and the extent to which the Agreement is binding upon and enforceable against the Company. Reference is also made to the opinion of even date of Morrison, Morrison & Mills, P.A., counsel to the Authority, as to the authority, procedures and action of the Authority in connection with the authorization of the Bonds, the Agreement and the Bond Purchase Agreement dated as of June 21, 1993 between the Authority and Goldman, Sachs & Co. (the "Purchase Contract"). We have relied upon the foregoing opinions of other counsel with respect to such matters in giving this opinion.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Company contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion that, as of the date hereof and under existing law:

1. The Authority is a validly existing public body corporate and politic created under Florida Statutes §159.45, with all necessary power and authority to enter into and perform its obligations under the Agreement, the Purchase Contract and the Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Authority and the Company and is a valid and binding obligation of each of the Authority and the Company enforceable against the Authority and the Company in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from, and secured by an assignment and pledge by the Authority of, the Revenues.

4. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the facilities financed with the proceeds of the Bonds (the "Facilities") or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the "Code"). However, interest on the Bonds will be treated as a preference item in calculating the alternative minimum tax imposed under the Code on individuals and corporations. We call your attention to the fact that failure by the Company or the Authority to comply subsequent to the issuance of the Bonds with certain federal tax law requirements, including requirements regarding the use of the Facilities, the expenditure and investment of Bond proceeds, and the payment of rebates, if any, due to the United States, may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take such action as may be necessary under currently applicable federal income tax law to ensure that interest on the Bonds will remain excluded from gross income of the owners thereof for federal income tax purposes and to refrain from taking any action that would cause interest on the Bonds to be included in such gross income, except with respect to any Bond while it is owned by a substantial user or related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds are to be redeemed within 180 days at par plus accrued interest in whole, or in part to the extent necessary so that interest on the remaining outstanding Bonds will continue to be excluded from gross income for federal income tax purposes.

5. Under Florida Statutes §159.31, the Bonds, their transfer, and the income therefrom (including any profit on the sale thereof) will be free from taxation by the State of Florida or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Yours faithfully,

EXECUTION COPY

HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
$51,605,000 Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project), Series 1990
$54,200,000 Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Gannon Coal Conversion Project), Series 1992
$20,000,000 Pollution Control Revenue Bonds
(Tampa Electric Company Project), Series 1993

REMARKETING AGREEMENT

August 8, 2002

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, IL 60670-0826

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

Reference is made to (1) the Loan and Trust Agreement, dated as of September 24, 1990, as supplemented and amended (the "1990 Agreement"), among Hillsborough County Industrial Development Authority (the "Authority"), Tampa Electric Company (the "Company") and The Bank of New York, as successor trustee (the "1990 Trustee"), pursuant to which one series of bonds, designated as Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project) Series 1990 (collectively, the "1990 Bonds") were issued; (2) the Loan and Trust Agreement, dated as of October 26, 1992, as supplemented and amended (the "1992 Agreement"), among the Authority, the Company and The Bank of New York, as successor trustee (the "1992 Trustee"), pursuant to which one series of bonds, designated as Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project) Series 1992 (collectively, the "1992 Bonds") were issued; and (3) the Loan and Trust Agreement, dated as of June 23, 1993, as supplemented and amended (the "1993 Agreement" and, together with the 1990 Agreement and the 1992 Agreement, the "Agreements"), among the Authority, the Company and The Bank of New York as successor trustee (the "1993 Trustee"

and, together with the 1992 Trustee and the 1990 Trustee, the "Trustees"), pursuant to which one series of bonds, designated as Pollution Control Revenue Bonds (Tampa Electric Company Project) Series 1993 (collectively, the "1993 Bonds" and, together with the 1990 Bonds and the 1992 Bonds, the "Bonds") were issued. Terms used herein but not defined herein shall have the meanings assigned thereto in the applicable Agreement.

1. Remarketing of Bonds.

(a) The Company has appointed Salomon Smith Barney Inc. as remarketing agent (in such capacity, the "Remarketing Agent") as exclusive Remarketing Agent under each Agreement, in connection with the reoffering and sale of each series of Bonds from time to time, in accordance with the terms of the Agreements.

(b) Subject to the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, (i) the Remarketing Agent agrees to remarket the Bonds subject to and in accordance with the applicable Agreement and (ii) Salomon Smith Barney Inc., J.P. Morgan Securities Inc. and Banc One Capital Markets, Inc. (each, an "Underwriter" and collectively, the "Underwriters"), jointly and severally, agree to purchase from the Remarketing Agent and to offer for sale and use their best efforts to sell on the Conversion Date the aggregate principal amount of the Bonds set forth opposite such Underwriter's name on Schedule A hereto at a price equal to the purchase price thereof. As a condition to the obligations of the Underwriters hereunder, the Company agrees to pay Salomon Smith Barney Inc. aggregate compensation of $440,317.50 in immediately available funds at the Closing, Banc One Capital Markets, Inc. aggregate compensation of $94,353.75 in immediately available funds at the Closing and J.P. Morgan Securities Inc. aggregate compensation of $94,353.75 in immediately available funds at the Closing. The 1990 Bonds and the 1992 Bonds shall bear interest at the rate of 4.00% per annum, and the 1993 Bonds shall bear interest at the rate of 4.25% per annum, for the period beginning August 15, 2002 and ending July 31, 2007 (the "Fixed Rate Period") and shall not be subject to redemption by the Authority or to repurchase by the Company during such period.

(c) Proceeds from the remarketing and/or purchase of the Bonds by the Remarketing Agent and the Underwriters will be applied to pay the purchase price of the Daily Interest Rate Bonds in accordance with each Agreement.

(d) On or prior to the Closing Date (hereinafter defined), the Company and the Trustee shall enter into Continuing Disclosure Agreements (the "Continuing Disclosure Agreements") in the form of Appendix B to the Preliminary Remarketing Supplement (hereinafter defined), which shall comply with the requirements set forth in paragraph (b)(5) of Rule 15c2-12 ("Rule 15c2-12") promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(e) On or prior to the Closing Date, the Company shall duly execute and deliver to the Trustee side letters with respect to each of the Agreements in the form of Exhibit A, Exhibit B and Exhibit C hereto (the "Side Letters"), irrevocably waiving its right to, and covenanting to the Trustee, on behalf of the Bondholders under the applicable Agreement

that it will not exercise its right under Section 303(a)(iii) of the applicable Agreement to direct the Authority to redeem the Bonds in whole or in part during the Fixed Rate Period.

(f) On or prior to the Closing Date, the Company shall pay to the Remarketing Agent, all amounts required to be paid pursuant to Sections 311(c) and 313(c) of the applicable Agreement.

2. Remarketing Supplement. The Company has previously delivered to each of the Remarketing Agent and the Underwriters copies of (1) the Official Statement dated September 27, 1990 (the "1990 Statement") with respect to the 1990 Bonds, (2) the Official Statement dated October 26, 1992 (the "1992 Statement") with respect to the 1992 Bonds, and (3) the Official Statement dated June 21, 1993 (the "1993 Statement" and, together with the 1990 Statement and the 1992 Statement, the "Initial Statements") with respect to the 1993 Bonds and a Preliminary Remarketing Supplement dated July 31, 2002 relating to the Bonds, including an Appendix A consisting of information set forth therein in respect of the Company (collectively, with Appendix A and the documents incorporated by reference therein, the "Preliminary Remarketing Supplement"). The Company hereby confirms its approval of the Preliminary Remarketing Supplement, which it deems "final" as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 (subject to completion thereof with the information established at the time of conversion of the Bonds, the incorporation by reference of documents subsequently filed by the Company under the Exchange Act and the information contained therein in accordance therewith, and any other information or changes permitted to be added or made, as the case may be, pursuant to Rule 15c2-12). Within four business days after the date hereof, the Company will make available to the Remarketing Agent and the Underwriters the Initial Statements and a final Remarketing Supplement relating to the Bonds in a form approved by the Remarketing Agent and the Underwriters, including a final Appendix A consisting of information set forth therein in respect of the Company (collectively, with such Appendix A and the documents incorporated by reference therein, the "Final Remarketing Supplement"). The Preliminary Remarketing Supplement and the Final Remarketing Supplement, as amended or supplemented, are together referred to herein as the "Remarketing Supplement". The Issuer hereby authorizes the Remarketing Agent and the Underwriters to use the Remarketing Supplement, and the information contained or incorporated by reference therein, the Agreements, the Continuing Disclosure Agreements, and the Side Letters in connection with the remarketing of the Bonds.

3. Copies of Remarketing Supplement. The Company agrees to provide to the Remarketing Agent and the Underwriters such number of copies of the Final Remarketing Supplement as the Remarketing Agent and the Underwriters may reasonably request to permit the Remarketing Agent and the Underwriters to comply with Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. The Company, with the cooperation of the Remarketing Agent and the Underwriters to the extent necessary, will secure the delivery thereof to the Remarketing Agent and the Underwriters with reasonable promptness and in any event not later than four business days after the date hereof and in sufficient time to accompany any confirmation that requests payment from any customer. If the Remarketing Agent and the Underwriters require additional copies of the Remarketing Supplement, the Company agrees to provide the Remarketing Agent and the Underwriters with such copies at the expense of the Company.

Promptly after each amendment or supplement to the Remarketing Supplement, the Company agrees to deliver to the Remarketing Agent and the Underwriters such number of copies of the Remarketing Supplement, as so amended or supplemented, as the case may be, as the Remarketing Agent and the Underwriters may reasonably request.

4. Representations and Warranties of the Company. The Company represents and warrants, both as of the date hereof and as of the Closing Date, to the Remarketing Agent and the Underwriters, as follows:

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of Florida, with power and authority (corporate and otherwise) to own its properties and conduct its business as described (including by incorporation by reference) in Appendix A to the Remarketing Supplement; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification and in which the failure to so qualify could have a material adverse effect on the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole.

(b) The Company has the full power and authority to execute and deliver the Continuing Disclosure Agreements and the Side Letters (collectively, the "Company Documents") and to perform its obligations thereunder and engage in the transactions contemplated thereby and by the Remarketing Supplement, and the Company Documents have been duly authorized by the Company and, when executed and delivered by the Company and the other parties thereto, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

(c) This Remarketing Agreement has been duly authorized, executed and delivered by the Company.

(d) The Company has, on or before the date hereof, duly taken all action necessary to be taken by it or on its behalf prior to such date for: (i) the remarketing of the Bonds upon the terms and conditions and for the purposes described herein, in the applicable Agreement and in the Remarketing Supplement, (ii) the execution, delivery and performance of this Remarketing Agreement and the Company Documents, (iii) the distribution of the Remarketing Supplement and the approval, delivery and distribution of the Final Remarketing Supplement, and (iv) the carrying out, giving effect to, consummation of and performance of the transactions and obligations contemplated hereby and by the Remarketing Supplement; provided, that no representation is made with respect to compliance with the securities or "Blue Sky" laws of any jurisdiction.

(e) Neither the execution, delivery or performance by the Company of this Remarketing Agreement or the Company Documents, nor the consummation of the

transactions contemplated hereby, thereby or by the Remarketing Supplement, nor the fulfillment of, or compliance with, the terms, conditions or provisions hereof and thereof will (i) contravene the Restated Articles of Incorporation or By-Laws of the Company, (ii) violate or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any corporate restriction, or any material bond, debenture, note, mortgage, indenture, agreement or instrument to which the Company is a party or by which it or any of its properties is bound, or any existing law, order, rule or regulation applicable to the Company of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Company or its properties or operations, or (iii) will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Company.

(f) All authorizations, consents and approvals of, notices to, registrations or filings with, or actions in respect of any governmental body, agency or other instrumentality or court required to be obtained by, given to, or taken on behalf of the Company in connection with the execution, delivery and performance by the Company of this Remarketing Agreement, the Company Documents and the Agreements have been obtained, given or taken and are in full force and effect, including without limitation, all necessary authorizations and approvals of the Florida Public Service Commission, other than any of the foregoing to be obtained after the date hereof as permitted by applicable law; provided, that no representation is made with respect to compliance with the securities or "Blue Sky" laws of any jurisdiction.

(g) Except as set forth or incorporated by reference in Appendix A to the Remarketing Supplement, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or other governmental body pending against or, to the knowledge of the Company, threatened against or affecting the Company that could reasonably be expected to adversely affect (i) the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, this Remarketing Agreement, the Company Documents or the Agreements, (ii) the transactions contemplated by this Remarketing Agreement or by the Remarketing Supplement, or (iii) the exclusion of interest on any of the Bonds from gross income for federal income tax purposes.

(h) The consolidated financial statements included or incorporated by reference in Appendix A to the Remarketing Supplement present fairly the financial position of the Company and its consolidated subsidiaries at the times and the results of their operations for the periods indicated, and except to the extent described in the Remarketing Supplement and financial statements incorporated by reference therein, such consolidated financial statements have been prepared in conformity with generally accepted accounting principles consistently applied throughout the entire period covered by all of such statements. Since the date of such consolidated financial statements included in the Remarketing Supplement, there has been no material adverse change in the financial position, results of operations, general affairs or prospects of the Company on a consolidated basis other than as reflected or incorporated by reference in Appendix A to the Remarketing Supplement or as made available to the financial press by press release or otherwise.

(i) The documents incorporated by reference in the Remarketing Supplement, when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder.

(j) The Preliminary Remarketing Supplement (except insofar as such information has been supplemented or revised in the Final Remarketing Supplement) did not as of the date thereof, and the Remarketing Supplement as of its date and the Closing Date will not contain any 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 made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no representation is made with respect to any information contained in the Remarketing Supplement under the captions "The Authority", "Tax Exemption", "Underwriting" or "Legality" or to any information furnished in writing to the Company by the Remarketing Agent or the Underwriters specifically for inclusion in the Remarketing Supplement.

(k) The Company is in compliance with each of the Agreements and since the effective date of the Agreements, the Company has not taken any action which would cause interest on the Bonds to become included in gross income for federal income tax purposes, except with respect to any Bond owned by a substantial user of the Project or a related person.

(l) All certificates supplied by the Company and relied upon by bond counsel, the Remarketing Agent and the Underwriters, including those with respect to the tax-exempt nature of interest on the Bonds, are, or will on the Closing Date be, correct and complete in all material respects.

5. Covenants and Agreements of the Company. The Company covenants and agrees with the Remarketing Agent and the Underwriters as follows:

(a) The Company shall not take or omit to take any action that would in any way cause the proceeds from the remarketing and/or purchase of the Bonds by the Remarketing Agent and the Underwriters to be applied in a manner contrary to that set forth in the Remarketing Supplement and the Agreements.

(b) The Company shall cooperate with the Remarketing Agent and the Underwriters in the qualification of the Bonds for remarketing and the determination of the eligibility of the Bonds for investment under the laws of such jurisdictions as the Remarketing Agent and the Underwriters shall designate, and the Company shall use its best efforts to continue any such qualification in effect so long as required for the remarketing of the Bonds by the Remarketing Agent and the Underwriters; provided, that the Company shall not be required to qualify as a foreign corporation or limited liability company or to file a general consent to local service of process in any such jurisdiction.

6. Closing. Subject to the terms and conditions of this Remarketing Agreement, at 1:00 p.m., New York City time, in the offices of Palmer & Dodge LLP, 111 Huntington Avenue, Boston, Massachusetts on August 15, 2002 or on such earlier or later date as shall be agreed

upon in writing by the Company, the Remarketing Agent and the Underwriters (the "Closing Date"), upon receipt of the other documents hereinafter mentioned and fulfillment of all the conditions set forth herein, the Remarketing Agent and the Underwriters will perform their obligations set forth in Section 1(b) hereof.

7. Conditions of Closing. The obligations of the Remarketing Agent and the Underwriters to perform their obligations set forth in Section 1(b) hereof shall be subject to the performance by the Company of its obligations to be performed under this Remarketing Agreement prior to or concurrently with the Closing, and the accuracy of the representations and warranties of the Company contained herein, as of the date hereof and as of the Closing Date, and shall also be subject to the following additional conditions:

(a) At the time of Closing, each of the Remarketing Supplement and the Company Documents shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect, except as may have otherwise been agreed to in writing by the Remarketing Agent and the Underwriters.

(b) Salomon Smith Barney Inc. shall have the right to terminate this Remarketing Agreement and cancel the obligations of the Remarketing Agent and the Underwriters under Section 1(b) hereof by written notification to the Company (stating the reason for such termination) if at any time after the date hereof and prior to the Closing (i) legislation shall have been enacted or introduced by the Congress of the United States of America or adopted by either House thereof or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration or enacted or introduced by the legislature of the State of Florida (the "State") or adopted by either House thereof or favorably reported for passage to either House of the legislature by any committee of such House to which such legislation has been referred for consideration, or shall have been recommended to the Congress for passage by the President of the United States of America or recommended to the legislature for passage by the Governor of the State, or a decision shall have been rendered by a court of the United States of America, including the Tax Court of the United States of America, or of the State, or a ruling or an official release shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States of America or the Internal Revenue Service or other federal or State authority having jurisdiction over tax matters, with respect to federal or State taxation upon revenues or other income of the Company and/or relating to or affecting, directly or indirectly, any series of the Bonds or interest on obligations of the general character of any series of the Bonds, or other action or events shall have transpired that would, in the judgment of Salomon Smith Barney Inc., have the purpose or effect, directly or indirectly, of changing the federal or State tax consequences of any of the transactions contemplated in connection herewith and that in the judgment of the Remarketing Agent and the Underwriters, affects materially and adversely (A) the market price or marketability of any series of the Bonds or (B) the ability of the Remarketing Agent and the Underwriters to enforce contracts for the sale of the Bonds, (ii) any event shall have occurred, or any condition shall exist that, in the judgment of Salomon Smith Barney Inc., either (A) makes untrue or incorrect in any materially adverse respect any statement or information contained in the Remarketing Supplement or (B) is not reflected in the

Remarketing Supplement but should be reflected therein in order to make the statements and information contained therein not misleading in any material adverse respect, and no cure to either (A) or (B) is available which, in the sole discretion of Salomon Smith Barney Inc., would eliminate any material and adverse effect upon the marketability of any series of the Bonds or the market price thereof, (iii) since the date of this Remarketing Agreement, there shall have occurred any outbreak of hostilities or other local, national or international calamity or crisis, the effect of which on the financial markets of the United States of America, in the judgment of Salomon Smith Barney Inc., is such as to materially and adversely affect (A) the market price or the marketability of any series of the Bonds or (B) the ability of the Remarketing Agent and the Underwriters to enforce contracts for the sale of any series of the Bonds, (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or any other national securities exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or any other additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally, whether by virtue of a determination by that exchange or by order of the Securities and Exchange Commission (the "Commission") or any other governmental authority having jurisdiction, the effect of which on the financial markets of the United States of America, in the judgment of Salomon Smith Barney Inc., is such as to materially and adversely affect (A) the market price or the marketability of any series of any series of the Bonds or (B) the ability of the Remarketing Agent or the Underwriters to enforce contracts for the sale of any series of the Bonds, (v) a general banking moratorium shall have been declared by either federal, New York or State authorities having jurisdiction and shall be in force, (vi) legislation shall have been enacted or be proposed, or a decision by a court of the United States of America shall be rendered, or a ruling, regulation, proposed regulation by or on behalf of the Commission or other governmental agency having jurisdiction of the subject matter shall be made, that, in the opinion of counsel to the Remarketing Agent and the Underwriters, has the effect of requiring any series of the Bonds or any securities similar to any series of the Bonds to be registered under the Securities Act of 1933, as amended (the "Securities Act"), or requiring the Indenture to be qualified pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), a release, regulation or no-action letter by or on behalf of the Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made (which is beyond the control of the Remarketing Agent and the Underwriters and the Company to prevent or avoid) to the effect that the issuance, offering or sale of any series of the Bonds, including all the underlying obligations as contemplated hereby or by the Remarketing Supplement, or any document relating to the issuance, offering or sale of any series of the Bonds is or would be in violation of any provision of the federal securities laws at Closing, including the Securities Act, the Exchange Act or the Trust Indenture Act, (viii) any state securities or "Blue Sky" commission shall have withheld registration, exemption or clearance of the offering, and in the judgment of Salomon Smith Barney Inc. the market for any series of the Bonds is materially and adversely affected thereby, (ix) a supplement or amendment shall have been made to the Remarketing Supplement subsequent to the date hereof which in the judgment of Salomon Smith Barney Inc. materially and adversely affects the

marketability of any series of the Bonds or the market price thereof, (x) trading in any securities of the Company shall have been suspended on any national securities exchange, the effect of which, in the judgment of Salomon Smith Barney Inc., is such as to materially and adversely affect (A) the market price or the marketability of any series of the Bonds or (B) the ability of the Remarketing Agent or the Underwriters to enforce contracts for the sale of any series of the Bonds, (xi) any rating of any series of the Bonds shall have been downgraded or withdrawn, (xii) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds of any series or similar obligations, any material restrictions not now in force, with respect to the extension of credit by the Remarketing Agent or the Underwriters, or the charge to the net capital requirements of the Remarketing Agent or the Underwriters, or (xiii) subsequent to the date of the most recent financial statements in the Remarketing Supplement, there shall have occurred a material adverse change, or any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties, prospects or results of operations of the Company and its subsidiaries taken as a whole that in the judgment of Salomon Smith Barney Inc. materially and adversely affects the marketability of any series of the Bonds or the market price thereof.

(c) At or prior to the Closing, the Company and the Trustee shall have executed and delivered the Company Documents to which they are a party.

(d) At or prior to the Closing, the Remarketing Agent and the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Remarketing Agent and the Underwriters and to counsel for the Remarketing Agent and the Underwriters:

(i) Executed counterparts of this Remarketing Agreement, the Continuing Disclosure Agreement and the Side Letters.

(ii) A copy of the Final Remarketing Supplement.

(iii) A certificate, dated the Closing Date, of the President or any Vice President and a principal financial or accounting officer of the Company in which such officers, to the best of their knowledge after reasonable investigation, shall state that (A) the representations and warranties of the Company in Section 4 hereof are true and correct in all respects on and as of the Closing Date as if such representations and warranties had been made on and as of the Closing Date; and (B) the Company has performed all obligations to be performed under this Remarketing Agreement, the Agreements or the Company Documents prior to or concurrently with the Closing.

(iv) The Remarketing Agent and the Underwriters shall have received an opinion, dated the Closing Date, of Sheila M. McDevitt, Esq., Senior Vice President and General Counsel of the Company, satisfactory in form and substance to the Remarketing Agent and the Underwriters and to counsel for the Remarketing Agent and the Underwriters and to the effect that:

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Florida, with corporate power and authority to own its properties and conduct its business as described in the Remarketing Supplement;

(b) The Company has duly authorized, executed and delivered the Company Documents, and the Company Documents constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights or contractual obligations generally, or principles of equity, regardless of whether applied in proceedings in equity or at law;

(c) This Remarketing Agreement has been duly authorized, executed and delivered by the Company;

(d) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by this Remarketing Agreement, the Company Documents or the Remarketing Supplement, except such as have been obtained and made or such as may be required under state securities laws as to which such counsel expresses no opinion; and

(e) The execution, delivery and performance of this Remarketing Agreement and the Company Documents and the consummation of the transactions by the Company contemplated by this Remarketing Agreement, the Remarketing Supplement and the Company Documents will not violate any statute, any rule or regulation, or any order known to such counsel, of any governmental agency or body or any court having jurisdiction over the Company or any of its properties, or result in a breach of or constitute a default under any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or the Company's Forms 10-Q and 8-K filed thereafter, or violate any provision of the charter or by-laws of the Company.

Such counsel may limit her opinion to the law of the State of Florida, other than the "Blue Sky" laws of such state.

In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which causes her to believe that the Final Remarketing Supplement and the documents incorporated therein by reference, taken together as of the date thereof and as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements

therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no opinion as to the tax exempt status of the Bonds or as to the financial statements, including the notes thereto and supporting schedules, or other financial data contained in the Final Remarketing Supplement. With respect to such statement, such counsel may state that her belief is based upon procedures set forth therein satisfactory to the Remarketing Agent and the Underwriters but is without independent check and verification.

(v) The Remarketing Agent and the Underwriters shall have received an opinion, dated the Closing Date, of Palmer & Dodge LLP, special bond counsel to the Company, satisfactory in form and substance to the Remarketing Agent and the Underwriters and to counsel for the Remarketing Agent and the Underwriters and to the effect that:

(a) The remarketing of the Bonds is not subject to the registration requirements of the Securities Act and the Agreements are exempt from qualification under the Trust Indenture Act of 1939, as amended;

(b) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required for the consummation by the Company of the transactions contemplated by this Remarketing Agreement, the Company Documents or the Remarketing Supplement, except such as have been obtained and made or such as may be required under state securities laws as to which such counsel expresses no opinion;

(c) The execution, delivery and performance of this Remarketing Agreement and the Company Documents and the consummation of the transactions by the Company contemplated by this Remarketing Agreement, the Remarketing Supplement and the Company Documents will not violate any rule or regulation, or any order known to such counsel, of any governmental agency or body or any court having jurisdiction over the Company or any of its properties, or result in a breach of or constitute a default under any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or the Company's Forms 10-Q and 8-K filed thereafter, or violate any provision of the charter or by-laws of the Company;

(d) The statements in the Remarketing Supplement under the captions "General Information," "The Bonds", "Tax Exemption" and "Continuing Disclosure", including the information incorporated therein, insofar as such statements constitute a summary of documents referred to therein or matters of law, fairly summarize in all material respects the information called for with respect to such documents and matters;

(e) The documents incorporated by reference in Appendix A of the Remarketing Supplement, when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder; it being understood that such counsel need express no opinion as to the financial statements, including the notes thereto, or other financial data contained therein; and

(f) The conversion to and establishment of the Fixed Rate Period will not affect the exclusion of interest on the Bonds of any series from the gross income of the owners of the Bonds of any series for federal income tax purposes.

In giving such opinion, such counsel may rely as to all matters governed by the laws of jurisdictions other than the law of the State of Florida and the federal law of the United States, upon the opinion of counsel satisfactory to the Remarketing Agent and the Underwriters. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and certificates of public officials. In rendering its opinion, such counsel may rely as to matters of Florida law upon the opinion of Sheila M. McDevitt, Esq. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which causes such counsel to believe that the Final Remarketing Supplement and the documents incorporated therein by reference, taken together as of the date thereof and as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no opinion as to the financial statements, including the notes thereto and supporting schedules, or other financial data contained in the Final Remarketing Supplement. With respect to such statement, such counsel may state that such counsel's belief is based upon procedures set forth therein satisfactory to the Remarketing Agent and the Underwriters but is without independent check and verification.

(vi) The Remarketing Agent and the Underwriters shall have received an opinion of Milbank, Tweed, Hadley & McCloy LLP, counsel for the Remarketing Agent and the Underwriters, dated the Closing Date, in such form as the Remarketing Agent and the Underwriters shall approve.

(vii) Such additional certificates, proceedings, opinions, instruments or documents as the Remarketing Agent and the Underwriters or counsel for the Remarketing Agent and the Underwriters may reasonably request in connection with the transactions contemplated by this Remarketing Agreement.

(e) On the Closing Date, there shall be in effect ratings for the Bonds of at least an "A-" by Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies,

Inc., of at least an "A+" by Fitch ICBA, Inc. and at least an "A1" by Moody's Investors Service, Inc. Since the date hereof, there shall not have occurred any downgrading with respect to any debt securities of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Securities Act) or any public announcement that any nationally recognized statistical rating organization has under surveillance or review its rating of any such debt securities (other than an announcement with positive implications of a possible upgrading and no implication of a possible downgrading of such rating).

(f) At the time of execution of this Remarketing Agreement, the Remarketing Agent and the Underwriters shall have received from PricewaterhouseCoopers LLP a letter dated such date, in form and substance satisfactory to the Remarketing Agent and the Underwriters containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and other financial information in or incorporated by reference in the Remarketing Supplement.

(g) The Remarketing Agent and the Underwriters shall have received from PricewaterhouseCoopers LLP a letter dated the Closing Date, in form and substance satisfactory to the Remarketing Agent and the Underwriters to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (g) of this Section, except that the specified date referred to shall be a date not more than three business days prior to the Closing Date.

(i) The Remarketing Agent and the Underwriters shall have received a copy of each document delivered in connection with the original issuance of the Bonds.

The Company will furnish the Remarketing Agent and the Underwriters with such conformed copies of such opinions, certificates, letters and documents as the Remarketing Agent and the Underwriters reasonably request. Salomon Smith Barney Inc. may in its sole discretion waive on behalf of the Remarketing Agent and the Underwriters compliance with any conditions to the obligations of the Remarketing Agent and the Underwriters under this Remarketing Agreement.

8. Supplements or Amendments to Remarketing Supplement. Until the end of such period as a copy of the Remarketing Supplement shall be required by Rule 15c2-12 or the rules of any regulatory body having jurisdiction to be delivered to a purchaser of the Bonds (as to the duration of which the Remarketing Agent and the Underwriters shall notify the Company), (a) except with respect to filings required by the Exchange Act, the Company will not adopt any amendment of or supplement to the Remarketing Supplement if the Remarketing Agent and the Underwriters shall reasonably object thereto in writing, and (b) if any event shall occur as a result of which the Remarketing Supplement as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Remarketing Supplement is delivered, not misleading, (i) the Company shall notify the Remarketing Agent and the Underwriters of such event as soon as any of them becomes aware of same and (ii) if for any reason it is necessary, in the opinion of counsel for the Remarketing Agent and the Underwriters,

to amend or supplement the Remarketing Supplement in order to make the statements therein, in the light of the circumstances when the Remarketing Supplement is delivered to an Underwriter, not misleading, the Company shall cooperate at its expense, at the request of the Remarketing Agent and the Underwriters, in the preparation of either amendments or supplements to the Remarketing Supplement, so that the statements in the Remarketing Supplement as so amended or supplemented will not, in the light of the circumstances when the Remarketing Supplement is delivered to a purchaser, be misleading.

9. Expenses. The Remarketing Agent and the Underwriters shall be under no obligation to pay, and the Company shall pay or cause to be paid, any expenses incident to the performance of the obligations of the Company under this Remarketing Agreement, including but not limited to (i) the cost of the preparation of this Remarketing Agreement and related documents, the Continuing Disclosure Agreement, the Side Letters and the Remarketing Supplement, (ii) the fees and disbursements of Milbank, Tweed, Hadley & McCloy LLP, Holland & Knight LLP and Palmer & Dodge LLP, (iii) the fees and disbursements of the Trustee, including the reasonable fees and disbursements of counsel for the Trustee, (iv) the fees paid to nationally recognized statistical rating organizations in connection with confirmation of the rating of the Bonds, and (v) all costs and expenses incurred in connection with state securities or "Blue Sky" qualifications and the legality of the Bonds for investment, including, in connection therewith, the reasonable fees and disbursements, not to exceed $10,000 of Milbank, Tweed, Hadley & McCloy LLP, counsel for the Remarketing Agent and the Underwriters.

10. Indemnification.

(a) The Company will indemnify and hold harmless the Remarketing Agent and each Underwriter, its respective partners, directors and officers and each Person, if any, who controls such Remarketing Agent or Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities, joint or several, to which such Remarketing Agent or Underwriter may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Remarketing Supplement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein 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 will reimburse the Remarketing Agent and each Underwriter for any legal or other expenses reasonably incurred by such Remarketing Agent or Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Remarketing Supplement or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Remarketing Agent or the Underwriters through Salomon Smith Barney Inc. specifically for use therein; and, provided, further, that the Company shall not be liable to the Remarketing Agent or an Underwriter under the indemnity agreement in this subsection

(a) with respect to the Preliminary Remarketing Supplement to the extent that any such loss, claim, damage or liability of the Remarketing Agent or such Underwriter results from the fact that the Remarketing Agent or such Underwriter sold or remarketed Bonds to a Person to whom there was not sent or given, at or prior to the written confirmation of such a sale, a copy of the Final Remarketing Supplement or of the Remarketing Supplement as then amended or supplemented (excluding in each case documents incorporated therein by reference) if the Company has previously furnished copies thereof to the Remarketing Agent or such Underwriter and the untrue statement or omission of a material fact contained in the Preliminary Remarketing Supplement was corrected in the Final Remarketing Supplement or the Remarketing Supplement as then amended or supplemented.

(b) The Remarketing Agent and each Underwriter will jointly and severally indemnify and hold harmless the Company and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Remarketing Supplement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Remarketing Supplement or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Remarketing Agent or the Underwriters through Salomon Smith Barney Inc. specifically for use therein, and will reimburse the Company for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall elect, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to the indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party in connection with the defense other than reasonable costs of

investigation and costs of assisting in such defense; provided, however, that each indemnified party shall have the right to employ one separate firm of attorneys as primary counsel (and one separate firm as local counsel) to represent such indemnified party and its controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by such indemnified party against the indemnifying party under this subsection if, in the reasonable judgment of such indemnified party, concurred in by outside legal counsel, it is advisable for such indemnified party and its controlling persons to be represented by separate counsel, and in that event the fees and expenses of such separate counsel shall be paid by the indemnifying party.

(d) If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any loss, claim, damage or liability and any action in respect thereof referred to therein for any reason other than as specified therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability or action in respect thereof (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand, and the Remarketing Agent and the Underwriters, on the other, from the remarketing or sale of the Bonds and or (ii) if the allocation provided by clause (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 (i) above but also the relative fault of the Company on the one hand and the Remarketing Agent and the Underwriters on the other in connection with the statements or omissions which resulted in such loss, claim, damage or liability or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Remarketing Agent and the Underwriters on the other shall be deemed to be in the same proportion as the aggregate principal amount of the Bonds (before deducting expenses) bears to the total compensation received by the Remarketing Agent and the Underwriters. The relative fault 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 the Remarketing Agent and the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Remarketing Agent and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subparagraph (d). The amount paid or payable by an indemnified party as a result of any loss, claim, damage or liability or action in respect thereof referred to above in this subsection (d) shall be deemed to include 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 subsection (d), neither the Remarketing Agent nor any Underwriter shall be required to contribute any amount in excess of the amount by which the aggregate principal amount of the Bonds remarketed or sold by it exceeds the amount of any damages that the Remarketing Agent or such Underwriter 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 contributions from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Remarketing Agent and the Underwriters in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The indemnity and contribution agreements contained in this Section and the agreements of the Company in Section 5 hereof shall survive the remarketing of the Bonds and shall remain in full force and effect, regardless of any termination or cancellation of this Remarketing Agreement or any investigation made by or on behalf of any indemnified party. The representations and warranties of the Company made in Section 4 and made pursuant to Section 7(d)(iii) as of the respective dates therein shall survive the remarketing of the Bonds and remain in full force and effect, regardless of any investigation made by or on behalf of any indemnified party.

(f) The obligations of the Company under this Section shall be in addition to any liability which it may otherwise have and shall extend, upon the same terms and conditions, to each partner, director or officer of the Remarketing Agent and each Underwriter and each Person, if any, who controls the Remarketing Agent and such Underwriter within the meaning of Section 15 under the Securities Act or Section 20 under the Exchange Act.

11. 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) 228-1328
Attention: Corporate Secretary

(b) to Salomon Smith Barney Inc.:

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013
Facsimile: (212) 723-8850
Attention: Short-Term Tax Exempt Trading

(c) to Banc One Capital Markets, Inc.:

Banc One Capital Markets, Inc.

One Bank One Plaza
Chicago, Illinois 60670-0826
Facsimile: (312) 732-2400
Attention: John R. Raben

(d) toJ.P. Morgan Securities Inc.

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017
Facsimile: (212) 834-6743
Attention: Municipal Finance

or to such other address as the Company, the Remarketing Agent or the Underwriters specify in writing.

12. Parties in Interest; Survival of Representations and Warranties. This Remarketing Agreement is made solely for the benefit of the Company, the Remarketing Agent and the Underwriters (including the successors or assigns of the Company, the Remarketing Agent or the Underwriters) and the other Persons described in Section 10(f) hereof, and no other Person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the parties hereto contained in this Remarketing Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Remarketing Agent or the Underwriters or the Company and (ii) remarketing of the Bonds hereunder. If for any reason the remarketing of the Bonds by the Remarketing Agent and the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by them pursuant to Section 9 and the respective obligations of the Company, the Remarketing Agent and the Underwriters pursuant to Section 10 shall remain in effect. If the remarketing of the Bonds by the Remarketing Agent and the Underwriters is not consummated for any reason other than solely because of the occurrence of any event specified in clause (iii), (iv) or (v) of Section 7(b), the Company will reimburse the Remarketing Agent and the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Bonds.

13. Successors. This Remarketing Agreement will inure to the benefit of and be binding upon the Company, the Remarketing Agent and the Underwriters and their respective successors and the partners, officers, and directors and controlling persons referred to in Section 10, and no other Person will have any right or obligation hereunder.

14. Severability. If any provision of this Remarketing Agreement is held or deemed to be or is, in fact, invalid, inoperative or unenforceable as applied in any particular case in any or all jurisdictions because it conflicts with any provision of any constitution, statute, rule or public policy or for any other reason, such circumstances will not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case, circumstance or

jurisdiction, or of rendering any other provision or provisions of this Remarketing Agreement invalid, inoperative or unenforceable to any extent whatsoever.

15. Headings. Section headings have been inserted in this Remarketing Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Remarketing Agreement and will not be used in the interpretation of any provisions of this Remarketing Agreement.

16. Amendments. This Remarketing Agreement may be amended by any instrument in writing signed by each of the parties so long as this Remarketing Agreement as amended is not inconsistent with the Agreements in effect as of the date of any such amendment.

17. Applicable Law. This Remarketing Agreement shall be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed in such state without regard to conflicts of laws principles that would result in the application of the law of another jurisdiction.

18. Jurisdiction and Venue. The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Remarketing Agreement or the transactions contemplated hereby.

19. Counterparts. This Remarketing Agreement may be executed in several counterparts, including facsimiles thereof, all of which, taken together, shall constitute a single agreement among the parties to such counterparts.

If you agree with the foregoing, please sign and return to the undersigned the enclosed counterpart hereof, whereupon this Remarketing Agreement shall become a binding agreement among the Company and each of you.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name: Gordan L. Gillette
Title: Sr. Vice President - Finance & Chief Financial Officer

The foregoing Remarketing Agreement is hereby confirmed and accepted as of the date first above written.

SALOMON SMITH BARNEY INC.,
as Remarketing Agent and as Underwriter

By: _____
Name:
Title:

BANC ONE CAPITAL MARKETS, INC.

By: _____
Name:
Title:

J.P. MORGAN SECURITIES INC.

By: _____
Name:
Title:

If you agree with the foregoing, please sign and return to the undersigned the enclosed counterpart hereof, whereupon this Remarketing Agreement shall become a binding agreement among the Company and each of you.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

The foregoing Remarketing Agreement is hereby confirmed and accepted as of the date first above written.

SALOMON SMITH BARNEY INC.,
as Remarketing Agent and as Underwriter

By: _____
Name: Theresa Gallagher
Title: Managing Director

BANC ONE CAPITAL MARKETS, INC.

By: _____
Name:
Title:

J.P. MORGAN SECURITIES INC.

By: _____
Name:
Title:

If you agree with the foregoing, please sign and return to the undersigned the enclosed counterpart hereof, whereupon this Remarketing Agreement shall become a binding agreement among the Company and each of you.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

The foregoing Remarketing Agreement is hereby confirmed and accepted as of the date first above written.

SALOMON SMITH BARNEY INC.,
as Remarketing Agent and as Underwriter

By: _____
Name:
Title:

BANC ONE CAPITAL MARKETS, INC.

By: _____
Name: John R. Raben
Title: Managing Director

J.P. MORGAN SECURITIES INC.

By: _____
Name:
Title:

If you agree with the foregoing, please sign and return to the undersigned the enclosed counterpart hereof, whereupon this Remarketing Agreement shall become a binding agreement among the Company and each of you.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

The foregoing Remarketing Agreement is hereby confirmed and accepted as of the date first above written.

SALOMON SMITH BARNEY INC.,
as Remarketing Agent and as Underwriter

By: _____
Name:
Title:

BANC ONE CAPITAL MARKETS, INC.

By: _____
Name:
Title:

J.P. MORGAN SECURITIES INC.

By: _____
Name: Harris Kretsge
Title: Managing Director

SCHEDULE A

Underwriter	Series 1990	Series 1992	Series 1993	Total
Salomon Smith Barney Inc.	$36,123,500	$37,940,000	$14,000,000	$88,063,500
Banc One Capital Markets, Inc.	$7,740,750	$8,130,000	$3,000,000	$18,870,750
J.P. Morgan Securities Inc.	$7,740,750	$8,130,000	$3,000,000	$18,870,750
Total:	$51,605,000	$54,200,000	$20,000,000	$125,805,000

Exhibit A

TAMPA ELECTRIC COMPANY
702 North Franklin Street
Tampa, Florida 33602-4429

August __, 2002

The Bank of New York, as Trustee
c/o The Bank of New York Trust
Company of Florida, N.A.
10160 Centurion Parkway
Jacksonville, FL 32256
Attn: Sharon L. Atkinson, Vice President

Re: **HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**
(Florida)
$51,605,000 Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Project), Series 1990

Ladies and Gentlemen:

Reference is made to the Loan and Trust Agreement, dated as of September 24, 1990, as supplemented and amended (the "1990 Agreement"), among Hillsborough County Industrial Development Authority (the "Authority"), Tampa Electric Company (the "Company") and The Bank of New York, as successor trustee (the "1990 Trustee"), pursuant to which one series of bonds, designated as Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project) Series 1990 (collectively, the "Bonds") were issued. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the 1990 Agreement.

Pursuant to Section 301(h)(ii) of the 1990 Agreement, the Company has notified the Authority, the Paying Agent, the Trustee, and the Remarketing Agent of its election to convert the interest rate on the Bonds from a Daily Interest Rate to a Fixed Rate for the period beginning on August 15, 2002 and ending on July 31, 2007 (such period, the "Fixed Rate Period").

The Company hereby irrevocably waives its right to, and covenants to the Trustee, on behalf of the Bondholders, which, for purposes of this Side Letter Agreement (the "Side Letter") only, shall include the beneficial owners of the Bonds, that it will not exercise its right under Section 303(a)(iii) of the 1990 Agreement to direct the Authority to redeem the Bonds in whole or in part during the Fixed Rate Period.

The Company hereby notifies the Authority and the Trustee that the Company waives its options and rights as set forth in the preceding paragraph.

The Company hereby agrees to indemnify and hold harmless the Authority and the Trustee from any loss, cost, claim or liability resulting directly or indirectly from the covenants, directions or waivers contained in this Side Letter.

The Company acknowledges that the covenants made herein are being made so that the Company will receive benefits, including interest rate savings, in the remarketing of the Bonds on the date hereof. The covenants of the Company set forth herein are also being made expressly for the benefit of current and future Bondholders and are being made notwithstanding the Company's rights under the Agreement. The Company further acknowledges and agrees that Salomon Smith Barney Inc., as remarketing agent (in such capacity, the "Remarketing Agent") Salomon Smith Barney Inc., Banc One Capital Markets, Inc. and J.P. Morgan Securities Inc. , as underwriters (the "Underwriters"), shall be express third party beneficiaries of the covenants of the Company hereunder. In the event of the failure by the Company to comply with any provision of this Side Letter, any Bondholder affected by such failure or any of the Remarketing Agent or any Underwriter may take such actions as may be necessary and appropriate, including mandate or specific performance by court order, to cause the Company to comply with its obligations under this Side Letter; provided, however, that the Remarketing Agent and the Underwriters shall not be obligated in any manner whatsoever to take any action to enforce the covenants set forth herein.

This Side Letter has been duly authorized, executed and delivered by the Company, and constitutes a valid and binding obligation of the Company, enforceable against them in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally. No consent, approval, authorization or order of any regulatory body or administrative agency or other governmental body is legally required for the execution and delivery of this Side Letter or fulfillment of the terms hereof by the Company, except such as have been obtained. The execution and delivery of this Side Letter by the Company does not, and fulfillment of the terms hereof will not, result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party, the Restated Articles of Incorporation or By-Laws of the Company, or any order, rule or regulation applicable to the Company of any court or of any federal or state regulatory body or administrative agency or other governmental body having jurisdiction over the Company or over any of its properties, or any statute of any jurisdiction applicable to the Company.

This Side Letter shall be governed by, and construed in accordance with, the laws of the State of New York without reference to any choice of law provisions thereof to the extent they would cause the application of the law of another jurisdiction.

If the foregoing corresponds with your understanding of our agreement, please sign this letter and the accompanying copies thereof in the appropriate space below and return the same to the undersigned.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

Agreed and acknowledged by:

THE BANK OF NEW YORK
as Trustee under the Agreement

By: _____
Name:
Title:

cc: Hillsborough County Industrial Development Authority
Hillsborough County, Florida

Salomon Smith Barney Inc.
New York, New York

Banc One Capital Markets, Inc.
Chicago, Illinois

J.P. Morgan Securities Inc.
New York, New York

Exhibit B

TAMPA ELECTRIC COMPANY
702 North Franklin Street
Tampa, Florida 33602-4429

August __, 2002

The Bank of New York, as Trustee
c/o The Bank of New York Trust
Company of Florida, N.A.
10160 Centurion Parkway
Jacksonville, FL 32256
Attn: Sharon L. Atkinson, Vice President

Re: **HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**
(Florida)
$54,200,000 Pollution Control Revenue Refunding Bonds
(Tampa Electric Company Gannon Coal Conversion Project), Series 1992

Ladies and Gentlemen:

Reference is made to the Loan and Trust Agreement, dated as of October 26, 1992, as supplemented and amended (the "1992 Agreement"), among Hillsborough County Industrial Development Authority (the "Authority"), Tampa Electric Company (the "Company") and The Bank of New York, as successor trustee (the "1992 Trustee"), pursuant to which one series of bonds, designated as Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project) Series 1992 (collectively, the "Bonds") were issued. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the 1992 Agreement.

Pursuant to Section 301(h)(ii) of the 1992 Agreement, the Company has notified the Authority, the Paying Agent, the Trustee, and the Remarketing Agent of its election to convert the interest rate on the Bonds from a Daily Interest Rate to a Fixed Rate for the period beginning on August 15, 2002 and ending on July 31, 2007 (such period, the "Fixed Rate Period").

The Company hereby irrevocably waives its right to, and covenants to the Trustee, on behalf of the Bondholders, which, for purposes of this Side Letter Agreement (the "Side Letter") only, shall include the beneficial owners of the Bonds, that it will not exercise its right under Section 303(a)(iii) of the 1992 Agreement to direct the Authority to redeem the Bonds in whole or in part during the Fixed Rate Period.

The Company hereby notifies the Authority and the Trustee that the Company waives its options and rights as set forth in the preceding paragraph.

The Company hereby agrees to indemnify and hold harmless the Authority and the Trustee from any loss, cost, claim or liability resulting directly or indirectly from the covenants, directions or waivers contained in this Side Letter.

The Company acknowledges that the covenants made herein are being made so that the Company will receive benefits, including interest rate savings, in the remarketing of the Bonds on the date hereof. The covenants of the Company set forth herein are also being made expressly for the benefit of current and future Bondholders and are being made notwithstanding the Company's rights under the Agreement. The Company further acknowledges and agrees that Salomon Smith Barney Inc., as remarketing agent (in such capacity, the "Remarketing Agent") Salomon Smith Barney Inc., Banc One Capital Markets, Inc. and J.P. Morgan Securities Inc., as underwriters (the "Underwriters"), shall be express third party beneficiaries of the covenants of the Company hereunder. In the event of the failure by the Company to comply with any provision of this Side Letter, any Bondholder affected by such failure or any of the Remarketing Agent or any Underwriter may take such actions as may be necessary and appropriate, including mandate or specific performance by court order, to cause the Company to comply with its obligations under this Side Letter; provided, however, that the Remarketing Agent and the Underwriters shall not be obligated in any manner whatsoever to take any action to enforce the covenants set forth herein.

This Side Letter has been duly authorized, executed and delivered by the Company, and constitutes a valid and binding obligation of the Company, enforceable against them in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally. No consent, approval, authorization or order of any regulatory body or administrative agency or other governmental body is legally required for the execution and delivery of this Side Letter or fulfillment of the terms hereof by the Company, except such as have been obtained. The execution and delivery of this Side Letter by the Company does not, and fulfillment of the terms hereof will not, result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party, the Restated Articles of Incorporation or By-Laws of the Company, or any order, rule or regulation applicable to the Company of any court or of any federal or state regulatory body or administrative agency or other governmental body having jurisdiction over the Company or over any of its properties, or any statute of any jurisdiction applicable to the Company.

This Side Letter shall be governed by, and construed in accordance with, the laws of the State of New York without reference to any choice of law provisions thereof to the extent they would cause the application of the law of another jurisdiction.

If the foregoing corresponds with your understanding of our agreement, please sign this letter and the accompanying copies thereof in the appropriate space below and return the same to the undersigned.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

Agreed and acknowledged by:

THE BANK OF NEW YORK
as Trustee under the Agreement

By: _____
Name:
Title:

cc: Hillsborough County Industrial Development Authority
Hillsborough County, Florida

Salomon Smith Barney Inc.
New York, New York

Banc One Capital Markets, Inc.
Chicago, Illinois

J.P. Morgan Securities Inc.
New York, New York

Exhibit C

TAMPA ELECTRIC COMPANY
702 North Franklin Street
Tampa, Florida 33602-4429

August __, 2002

The Bank of New York, as Trustee
c/o The Bank of New York Trust
Company of Florida, N.A.
10160 Centurion Parkway
Jacksonville, FL 32256
Attn: Sharon L. Atkinson, Vice President

Re: **HILLSBOROUGH COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**
(Florida)
$20,000,000 Pollution Control Revenue Bonds
(Tampa Electric Company Project), Series 1993

Ladies and Gentlemen:

Reference is made to the Loan and Trust Agreement, dated as of June 23, 1993, as supplemented and amended (the "1993 Agreement"), among Hillsborough County Industrial Development Authority (the "Authority"), Tampa Electric Company (the "Company") and The Bank of New York, as successor trustee (the "1993 Trustee"), pursuant to which one series of bonds, designated as Pollution Control Revenue Bonds (Tampa Electric Company Project) Series 1993 (collectively, the "Bonds") were issued. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the 1993 Agreement.

Pursuant to Section 301(h)(ii) of the 1993 Agreement, the Company has notified the Authority, the Paying Agent, the Trustee, and the Remarketing Agent of its election to convert the interest rate on the Bonds from a Daily Interest Rate to a Fixed Rate for the period beginning on August 15, 2002 and ending on July 31, 2007 (such period, the "Fixed Rate Period").

The Company hereby irrevocably waives its right to, and covenants to the Trustee, on behalf of the Bondholders, which, for purposes of this Side Letter Agreement (the "Side Letter") only, shall include the beneficial owners of the Bonds, that it will not exercise its right under Section 303(a)(iii) of the 1993 Agreement to direct the Authority to redeem the Bonds in whole or in part during the Fixed Rate Period.

The Company hereby notifies the Authority and the Trustee that the Company waives its options and rights as set forth in the preceding paragraph.

The Company hereby agrees to indemnify and hold harmless the Authority and the Trustee from any loss, cost, claim or liability resulting directly or indirectly from the covenants, directions or waivers contained in this Side Letter.

The Company acknowledges that the covenants made herein are being made so that the Company will receive benefits, including interest rate savings, in the remarketing of the Bonds on the date hereof. The covenants of the Company set forth herein are also being made expressly for the benefit of current and future Bondholders and are being made notwithstanding the Company's rights under the Agreement. The Company further acknowledges and agrees that Salomon Smith Barney Inc., as remarketing agent (in such capacity, the "Remarketing Agent") Salomon Smith Barney Inc., Banc One Capital Markets, Inc. and J.P. Morgan Securities Inc., as underwriters (the "Underwriters"), shall be express third party beneficiaries of the covenants of the Company hereunder. In the event of the failure by the Company to comply with any provision of this Side Letter, any Bondholder affected by such failure or any of the Remarketing Agent or any Underwriter may take such actions as may be necessary and appropriate, including mandate or specific performance by court order, to cause the Company to comply with its obligations under this Side Letter; provided, however, that the Remarketing Agent and the Underwriters shall not be obligated in any manner whatsoever to take any action to enforce the covenants set forth herein.

This Side Letter has been duly authorized, executed and delivered by the Company, and constitutes a valid and binding obligation of the Company, enforceable against them in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally. No consent, approval, authorization or order of any regulatory body or administrative agency or other governmental body is legally required for the execution and delivery of this Side Letter or fulfillment of the terms hereof by the Company, except such as have been obtained. The execution and delivery of this Side Letter by the Company does not, and fulfillment of the terms hereof will not, result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party, the Restated Articles of Incorporation or By-Laws of the Company, or any order, rule or regulation applicable to the Company of any court or of any federal or state regulatory body or administrative agency or other governmental body having jurisdiction over the Company or over any of its properties, or any statute of any jurisdiction applicable to the Company.

This Side Letter shall be governed by, and construed in accordance with, the laws of the State of New York without reference to any choice of law provisions thereof to the extent they would cause the application of the law of another jurisdiction.

If the foregoing corresponds with your understanding of our agreement, please sign this letter and the accompanying copies thereof in the appropriate space below and return the same to the undersigned.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

Agreed and acknowledged by:

THE BANK OF NEW YORK
as Trustee under the Agreement

By: _____
Name:
Title:

cc: Hillsborough County Industrial Development Authority
Hillsborough County, Florida

Salomon Smith Barney Inc.
New York, New York

Banc One Capital Markets, Inc.
Chicago, Illinois

J.P. Morgan Securities Inc.
New York, New York

NY3:#7295443

MILBANK, TWEED, HADLEY & McCLOY LLP

1 CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005-1413

212-530-5000

FAX: 212-530-5219

LOS ANGELES
213-892-4000
FAX: 213-629-5063

PALO ALTO
650-739-7000
FAX: 650-739-7100

WASHINGTON, D.C.
202-835-7500
FAX: 202-835-7586

LONDON
44-207-448-3000
FAX: 44-207-448-3029

TOKYO
813-3504-1050
FAX: 813-3595-2790

HONG KONG
852-2971-4888
FAX: 852-2840-0792

SINGAPORE
65-428-2400
FAX: 65-428-2500

August 15, 2002

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, IL 60670-0826

J.P. Morgan Securities Inc.
270 Park Avenue, 48th Floor
New York, New York 10017

Re: Hillsborough County Industrial Development Authority (Florida)
Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990
Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992
Pollution Control Revenue Bonds (Tampa Electric Company Project) Series 1993

Ladies and Gentlemen:

We have acted as counsel for you as Underwriters and Remarketing Agent, as applicable, in connection with the remarketing and purchase of (i) the Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990 (collectively, the "1990 Bonds"), (ii) the Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Project), Series 1992 (collectively, the "1992 Bonds") and (iii) the Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993 (collectively, the "1993 Bonds" and, together with the 1990 Bonds and the 1992 Bonds, the "Bonds") pursuant to a Remarketing Agreement, dated August 8, 2002 (the "Remarketing Agreement"), between you and the Tampa Electric Company (the "Company"). The 1990 Bonds were originally issued pursuant to a Loan and Trust Agreement dated as of September 24, 1990, as supplemented and amended (the "1990

Agreement") among Hillsborough County Industrial Development Authority (the "Authority"), the Company and The Bank of New York, as successor trustee. The 1992 Bonds were originally issued pursuant to a Loan and Trust Agreement dated as of October 26, 1992, as supplemented and amended (the "1992 Agreement") among the Authority, the Company and The Bank of New York, as successor trustee. The 1993 Bonds were originally issued pursuant to a Loan and Trust Agreement dated as of June 23, 1993, as supplemented and amended (the "1993 Agreement" and, together with the 1990 Agreement and the 1992 Agreement, the "Agreements") among the Authority, the Company and The Bank of New York, as successor trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Remarketing Agreement.

In that connection, we have reviewed the Agreements, the official statement of the Authority, dated February 7, 1990, with respect to the 1990 Bonds, the official statement of the Authority, dated October 26, 1992, with respect to the 1992 Bonds, the official statement of the Authority, dated June 21, 1993, with respect to the 1993 Bonds, the Remarketing Agreement, certificates of the Company and others, the opinions and other documents referred to in Section 7(d) of the Remarketing Agreement and such other records, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions and conclusions hereinafter expressed.

In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with the original documents of all documents submitted to us as copies, the authenticity of the originals of such latter documents and, in the case of documents executed prior to the date of this opinion letter, that there has been no course of conduct that would alter the terms of those documents as reviewed by us. As to various questions of fact material to such opinions we have relied upon certifications by directors, officers and representatives of parties to the Remarketing Agreement and the Company Documents and other appropriate persons, statements contained in the Remarketing Supplement, and the representations and warranties made by the parties to the Remarketing Agreement and the Company Documents in or pursuant to the Remarketing Agreement and the other Company Documents. We have assumed that each of you, the Authority, the Company, the County and the Trustee has complied, and will continue to comply, with the respective agreements made by you or such party in the Bonds, the Remarketing Agreement and the Company Documents.

We are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the accuracy of all legal conclusions contained therein, including (without limitation) representations and legal conclusions regarding the due authorization, due authentication, issuance, delivery, legality, validity and enforceability of the Bonds and the exclusion of interest thereon from gross income for federal income tax purposes, and the due authorization, legality, validity and enforceability of the Agreements and each supplemental agreement to the Agreements.

In addition, we participated in the closing held today at the offices of Palmer & Dodge LLP, 111 Huntington Avenue at Prudential Center, Boston, MA 02199-7613, and during the course of which the Remarketing Agent delivered the Bonds to your representatives for your account, in accordance with the Remarketing Agreement, against payment therefor.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that:

1. No registration of the Bonds under the Securities Act of 1933 and no qualification of the Agreements under the Trust Indenture Act of 1939 is required for the remarketing, offer, sale and delivery of the Bonds to you in the manner contemplated by the Remarketing Agreement, the Remarketing Supplement and the Agreements.

2. The Continuing Disclosure Agreements dated August 15, 2002 executed and delivered by the Company and the Trustee, satisfy the requirements contained in Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934 for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by said rule.

In our capacity as your counsel, we participated in conferences with your representatives and representatives of the Company, Palmer & Dodge LLP, as Bond Counsel and as counsel to the Company, Sheila McDevitt, General Counsel to the Company, and others, during which conferences the contents of the Remarketing Supplement and related matters were discussed. We have not independently verified the accuracy, completeness or fairness of the statements contained in the Remarketing Supplement, and the limitations inherent in the examination made by us and the knowledge available to us are such that we are unable to assume, and we do not assume, any responsibility for the accuracy, completeness or fairness of the statements contained in the Remarketing Supplement. Based on our participation in the above-mentioned conferences, and in reliance thereon and on the records, documents, certificates and opinions herein mentioned (as set forth above), no information came to the attention of the attorneys in our firm rendering legal services in connection with such representation which caused us to believe that the Remarketing Supplement considered as a whole on its date or on the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. We do not express any opinion or belief as to the financial statements and other financial, statistical or accounting data or information included or incorporated by reference in the Remarketing Supplement or omitted therefrom, or as to any information about the tax status of interest on the Bonds.

We do not express any opinion as to matters governed by any laws other than the laws of the States of New York and the Federal laws of the United States of America.

We are furnishing this letter to you pursuant to of Section 7(d)(vi) of the Remarketing Agreement solely for your benefit as Underwriters and Remarketing Agent, as applicable. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Very truly yours,

Milbank, Tweed, Hadley & McCloy LLP

MCB/DBB

TE ENERGY

August 15, 2002

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, Illinois 60670-0826

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Re: Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990; Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992; and Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993 (collectively, the "Bonds")

Ladies and Gentlemen:

As General Counsel of Tampa Electric Company, a corporation organized under the laws of the State of Florida (the "Company"), I have acted as counsel to the Company in connection with the remarketing of the Bonds. This opinion is being delivered pursuant to Section 7(d)(iv) of the Remarketing Agreement (the "Remarketing Agreement") dated August 8, 2002, among the Company and you, as underwriters (the "Underwriters"). Capitalized terms not otherwise defined in this opinion have the meanings assigned to them in the Remarketing Agreement.

In my examination I have assumed the genuineness of all signatures (other than signatures made on behalf of the Company), including endorsements, the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies and the authenticity of the originals of such copies. As to facts material to this opinion which I did not independently establish or verify, I have relied upon statements and representations of officers of the Company and other representatives and public officials. Also, with your approval, I have relied as to certain legal matters on advice of other lawyers employed by the Company who are more familiar with such matters.

In rendering the opinions set forth herein, I, or attorneys under my supervision, have examined and relied on originals or copies of the Remarketing Agreement, the Continuing Disclosure Agreements, the Side Letters and the Remarketing Supplement and have also examined the governing documents and corporate records, agreements, certificates of public

officials and such other documents and matters of law as I have deemed necessary or appropriate as a basis for the opinions set forth below. As to various questions of fact material to my opinion, I have relied upon the representations made in or pursuant to the Remarketing Agreement and upon certificates of officers of the Company. When used in this opinion, the phrase "to my knowledge" or equivalent words with respect to a matter means that nothing has come to my attention in the course of my representation of the Company which would lead me to question such matter but that, except as expressly stated, I have not made any special investigation with respect thereto.

I express no opinion with respect to any provision of the Remarketing Agreement, the Continuing Disclosure Agreements or the Side Letters to the extent that such provision purports to exculpate any person thereby or grants rights of indemnification which may violate public policy, and insofar as enforceability of such provision may be limited under state securities laws.

I am a member of the Florida Bar, and I express no opinion as to the laws of any other jurisdiction other than the applicable laws of the State of Florida. I do not express any opinion concerning matters governed by any securities laws of the State of Florida.

Based upon and subject to the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, 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 Florida, with corporate power and authority to own its properties and conduct its business as described in the Remarketing Supplement.

2. The Company has duly authorized, executed and delivered the Company Documents, and the Company Documents constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights or contractual obligations generally, or principles of equity, regardless of whether applied in proceedings in equity or at law.

3. The Remarketing Agreement has been duly authorized, executed and delivered by the Company.

4. No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by the Remarketing Agreement, the Company Documents or the Remarketing Supplement, except such as have been obtained and made or such as may be required under state securities laws as to which I express no opinion.

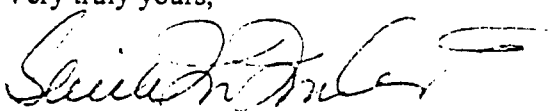
5. The execution, delivery and performance of the Remarketing Agreement and the Company Documents and the consummation of the transactions by the Company contemplated by this Remarketing Agreement, the Remarketing Supplement and the Company Documents will not violate any statute, any rule or regulation, or any order known to me, of any governmental

agency or body or any court having jurisdiction over the Company or any of its properties, or result in a breach of or constitute a default under any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or the Company's Forms 10-Q and 8-K filed thereafter, or violate any provision of the charter or by-laws of the Company.

I, or attorneys under my supervision, have participated in discussions with officers and other representatives of the Company and representatives of the Underwriters at which discussions the contents of the Final Remarketing Supplement and related matters were discussed and, although I have not independently verified, am not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Final Remarketing Supplement (except as hereinafter stated), I advise you that, on the basis of the foregoing, no facts have come to my attention that cause me to believe that the Final Remarketing Supplement, and the documents incorporated therein by reference, taken together as of the date thereof and hereof (except for information therein relating to the tax-exempt status of interest on the Bonds, as to which I express no opinion), contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that I express no comment as to the financial statements, including the notes thereto and supporting schedules, or other financial information and data contained in the Final Remarketing Supplement.

This opinion is furnished to you as Underwriters in connection with the transaction described above and may not be relied on without my prior written consent for any other purpose or by anyone else other than the other Underwriters, except that Palmer & Dodge LLP and Milbank, Tweed, Hadley & McCloy LLP may rely on this opinion in rendering their respective opinions to you pursuant to the Remarketing Agreement.

Very truly yours,



Sheila M. McDevitt
General Counsel

PALMER & DODGE LLP
111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

August 15, 2002

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, Illinois 60670-0826

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Re: Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990; Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992; and Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993 (collectively, the "Bonds")

Ladies and Gentlemen:

We are furnishing this opinion to you pursuant to Section 7(d)(v) of the Remarketing Agreement (the "Remarketing Agreement") dated August 8, 2002, among Tampa Electric Company (the "Company") and you, as underwriters (the "Underwriters"), relating to the remarketing of the Bonds. Capitalized terms not otherwise defined in this opinion have the meanings assigned to them in the Remarketing Agreement.

We have examined the Remarketing Agreement, the Continuing Disclosure Agreements, the Side Letters, the Remarketing Supplement 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 Remarketing Agreement and upon certificates and other inquiries of officers of the Company. We are also relying upon the certificates of public officials.

In giving this opinion, we have relied as to matters of Florida law on the opinion of Sheila M. McDevitt, Senior Vice President - General 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 opinions rendered herein are limited to the federal laws of the United States and, insofar as we have relied upon the foregoing opinion of Sheila M. McDevitt, the law of the State

of Florida.

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 the foregoing, we are of opinion that:

1. The remarketing of the Bonds is not subject to the registration requirements of the Securities Act and the Agreements are exempt from qualification under the Trust Indenture Act of 1939, as amended.

2. No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required for the consummation by the Company of the transactions contemplated by the Remarketing Agreement, the Company Documents or the Remarketing Supplement, except such as have been obtained and made or such as may be required under state securities laws as to which we express no opinion.

3. The execution, delivery and performance of the Remarketing Agreement and the Company Documents and the consummation of the transactions by the Company contemplated by the Remarketing Agreement, the Remarketing Supplement and the Company Documents will not violate any rule or regulation, or any order known to us, of any governmental agency or body or any court having jurisdiction over the Company or any of its properties, or result in a breach of or constitute a default under any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or the Company's Forms 10-Q and 8-K filed thereafter, or violate any provision of the charter or by-laws of the Company.

4. The statements in the Remarketing Supplement under the captions "General Information," "The Bonds", "Tax Exemption" and "Continuing Disclosure", including the information incorporated therein, insofar as such statements constitute a summary of documents referred to therein or matters of law, fairly summarize in all material respects the information called for with respect to such documents and matters.

5. The documents incorporated by reference in Appendix A of the Remarketing Supplement, when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder; it being understood that we express no opinion as to the financial statements, including the notes thereto, or other financial data contained therein.

We have participated in conferences with officers and other representatives of the Company and representatives of the Underwriters at which the contents of the Final Remarketing Supplement and related matters were discussed and, although we have not independently verified, are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Final Remarketing Supplement (except as otherwise indicated above), we advise you that, on the basis of the foregoing, no facts have come to our attention that cause us to believe that the Final Remarketing Supplement and the documents incorporated therein by reference, taken together as of its date or as of the date hereof, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that we express no comment as to the financial statements, including the notes thereto and supporting schedules, or other financial information and data contained in the Final Remarketing Supplement.

This opinion is furnished to you as Underwriters in connection with the transaction described above and may not be relied on without our prior written consent for any other purpose or by anyone else other than the other Underwriters, except that Milbank, Tweed, Hadley & McCloy LLP may rely on this opinion in rendering its opinion to you pursuant to the Remarketing Agreement.

Very truly yours,

Palmer & Dodge LLP

PALMER & DODGE LLP

PALMER & DODGE LLP
111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

August 15, 2002

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

Banc One Capital Markets, Inc.
One Bank One Plaza
Chicago, IL 60670-0826

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

The Bank of New York, as Trustee
c/o The Bank of New York Trust
Company of Florida, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256

JPMorgan Chase Bank, as Paying Agent and Tender Agent
One New York Plaza
New York, New York 10081

Re: Conversion to and Establishment of Fixed Rate Period for:

Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 1990 (the "1990 Bonds")

Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Gannon Coal Conversion Project), Series 1992 (the "1992 Bonds")

Hillsborough County Industrial Development Authority Pollution Control Revenue Bonds (Tampa Electric Company Project), Series 1993 (the "1993 Bonds")

Ladies and Gentlemen:

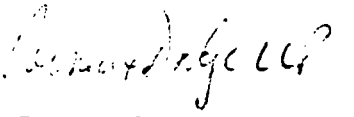
We are rendering this opinion pursuant to Section 7(d)(v) of the Remarketing Agreement dated August 8, 2002, among Tampa Electric Company (the "Company"), Salomon Smith Barney Inc., Banc One Capital Markets, Inc. and J.P. Morgan Securities Inc., in connection with the conversion of the interest rate on the above-described bonds (the "Bonds) of the Hillsborough County Industrial Development Authority (the "Authority") from a Daily Interest Rate to a Long-Term Interest Rate, establishing a Long-Term Interest Rate Period from August 15, 2002 through

July 31, 2007 (the "Fixed Rate Period"). The 1990 Bonds were issued pursuant to a Loan and Trust Agreement dated as of September 24, 1990 (the "1990 Agreement") among the Authority, the Company and The Bank of New York, as successor trustee to NCNB National Bank of Florida. The 1992 Bonds were issued pursuant to a Loan and Trust Agreement dated as of October 26, 1992 (the "1992 Agreement") among the Authority, the Company and The Bank of New York, as successor trustee to NationsBank of Florida, N.A. The 1993 Bonds were issued pursuant to a Loan and Trust Agreement dated as of June 23, 1993 (the "1993 Agreement", and together with the 1990 Agreement and the 1992 Agreement, the "Agreements") among the Authority, the Company and The Bank of New York, as successor trustee to NationsBank of Florida, N.A. Capitalized terms not defined herein have the meanings given to them in the Agreements. We have examined such documents and made such other investigation as we have deemed appropriate to render this opinion.

Based on the foregoing, we are of opinion that the conversion to and establishment of the Fixed Rate Period will not affect the exclusion of interest on the Bonds from the gross income of the owners of the Bonds for federal income tax purposes.

This opinion is furnished to you in connection with the transaction described above and may not be relied on without our prior written consent for any other purpose or by anyone else.

Yours faithfully,



PALMER & DODGE LLP

TAMPA ELECTRIC COMPANY

and

THE BANK OF NEW YORK
As Trustee

FOURTH SUPPLEMENTAL INDENTURE

dated as of August 15, 2002

Supplementing the Indenture

dated as of July 1, 1998

$150,000,000

5.375% Notes Due 2007

$400,000,000

6.375% Notes Due 2012

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This Fourth Supplemental Indenture, dated as of August 15, 2002, is 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 702 North Franklin Street, Tampa, Florida 33602, and The Bank of New York, as trustee (hereinafter called the "Trustee") and having its principal corporate trust office at 101 Barclay Street, 8th Floor West, 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 securities 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 and the Trustee have entered into supplemental indentures, including a Third Supplemental Indenture, dated as of June 15, 2001 (the "Third Supplemental Indenture"), pursuant to which the Company amended Section 801 of the Original Indenture; and

WHEREAS, the Company has requested the Trustee to join with it in the execution and delivery of this Fourth Supplemental Indenture in order to supplement and amend the Original Indenture by, among other things, establishing the form and terms of two series of Securities to be known as the Company's "5.375% Notes Due 2007" (the " 2007 Notes") and "6.375% Notes Due 2012" (the "2012 Notes", and together with the 2007 Notes, 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 Fourth 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 Fourth Supplemental Indenture; and

WHEREAS, all things necessary to make this Fourth 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 FOURTH 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 Fourth Supplemental Indenture are hereinafter sometimes collectively referred to as the "Indenture."

"2007 Note Interest Rate" shall have the meaning set forth in Section 204 hereof.

"2012 Note Interest Rate" shall have the meaning set forth in Section 304 hereof.

"Adjusted Treasury Rate" means, with respect to any redemption date:

(i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, as defined below, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Adjusted Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

(ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate will be calculated on the third Business Day preceding the redemption date.

"Business Day" shall mean any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law or executive order to close in the City of New York.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to, with respect to the 2007 Notes, the remaining term of the 2007 Notes to be redeemed, and, with respect to the 2012 Notes, the remaining term of the 2012 Notes to be redeemed, that would be used, at the time of

selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the applicable series of Notes (the "Remaining Life").

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if an Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Depositary" shall mean The Depository Trust Company or any successor depositary.

"Independent Investment Banker" means any of Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc., or any of their respective successors, as designated by the Company, or if those firms are unwilling or unable to serve as such, an independent investment and banking institution of national standing appointed by the Company.

"Interest Payment Date" shall mean August 15 and February 15 of each year.

"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 each Note.

"Record Date" shall mean the fifteenth calendar day (whether or not a Business Day) immediately preceding the related Interest Payment Date. The Record Date shall constitute the Regular Record Date for purposes of the Original Indenture.

"Reference Treasury Dealer" means:

(i) Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc., and each of their respective successors; provided that, if any such Reference Treasury Dealer ceases to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute another Primary Treasury Dealer; and

(ii) up to two other Primary Treasury Dealers selected by the Company.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to an Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Section 102. Section References

Each reference to a particular section set forth in this Fourth Supplemental Indenture shall, unless the context otherwise requires, refer to this Fourth Supplemental Indenture.

ARTICLE TWO

DESIGNATION AND TERMS OF THE 2007 NOTES

Section 201. Establishment of Series

There is hereby created a series of Securities to be known and designated as the "5.375% Notes Due 2007" (the "2007 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 2007 Notes shall constitute a single series of Securities.

Section 202. Variations in Terms of the 2007 Notes

Subject to the terms and conditions set forth in the Original Indenture and in this Fourth Supplemental Indenture, the terms of any particular 2007 Note may vary from the terms of any other 2007 Note as contemplated by Section 301 of the Original Indenture, and the terms for a particular 2007 Note will be set forth in such 2007 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 initial principal amount of 2007 Notes that may be issued under this Fourth Supplemental Indenture shall be $150,000,000. Additional 2007 Notes may be issued under this Fourth Supplemental Indenture in unlimited principal amounts as permitted by the Original Indenture. The authorized denominations of 2007 Notes shall be $1,000 or integral multiples of $1,000 in excess thereof.

The 2007 Notes shall be issuable only in fully registered form, without coupons, and will initially be registered in the name of the Depositary, or its nominee who is hereby designated as "U.S. Depositary" under the Original Indenture.

Section 204. Interest Rates and Interest Payment Dates

(a) Interest Rate. The 2007 Notes shall bear interest at the annual rate of 5.375% (the "2007 Note Interest Rate") from the Original Issue Date to, but excluding August 15, 2007. Interest on the 2007 Notes will be payable semi-annually on each Interest Payment Date, commencing on February 15, 2003. Such interest will be payable to the holder thereof as of the related Record Date.

(b) Computation of Interest. The amount of interest payable for any period will be computed on the basis of a year of 360 days consisting of twelve 30-day months. Except for the effect of any adjustment in the Interest Payment Date as provided in the following sentence, the amount of interest payable for any period shorter than a full six-month period for which interest is computed, will be computed on the basis of the actual number of days elapsed in such a 180-day period. If any Interest Payment Date would otherwise be a day that is not a Business Day, the payment required to be made on 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, except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

Section 205. Form and Other Terms of the 2007 Notes

(a) Attached hereto as Exhibit A is the form of 2007 Note, which form is hereby established as the form in which the 2007 Notes may be issued and which shall be completed with the series designation, stated maturity, interest rate and CUSIP number applicable to the 2007 Notes upon such issuance.

(b) Subject to (a) above, any 2007 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 Fourth Supplemental Indenture.

Section 206. Authentication and Delivery

As provided in and pursuant to Section 303 of the Original Indenture, each time that the Company delivers 2007 Notes to the Trustee or Authenticating Agent for authentication after the initial issuance of 2007 Notes under this Indenture, the Company shall deliver a Supplemental Company Order in the form of Exhibit B to this Fourth Supplemental Indenture (which form shall be completed upon delivery with the series designation applicable to the 2007 Notes) for the authentication and delivery of such 2007 Notes and the Trustee or such Authenticating Agent shall authenticate and deliver such 2007 Notes.

Section 207. Redemption: No Sinking Fund

The 2007 Notes are subject to redemption, in whole or in part, at any time, and at the option of the Company, at a redemption price equal to the greater of:

(i) 100% of the principal amount of 2007 Notes then outstanding to be redeemed, or

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2007 Notes then outstanding to be redeemed (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis (computed based on a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 25 basis points (0.25%), as calculated by an Independent Investment Banker,

plus, in both of the above cases, accrued and unpaid interest thereon to the redemption date.

The Company will mail a notice of redemption at least 30 days but no more than 60 days before the redemption date to each holder of 2007 Notes to be redeemed. If the Company elects to partially redeem the 2007 Notes, the Trustee will select in a fair and appropriate manner the 2007 Notes to be redeemed.

Unless the Company defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the 2007 Notes or portions thereof called for redemption.

The 2007 Notes are not entitled to the benefit of any sinking fund or analogous provision.

ARTICLE THREE

DESIGNATION AND TERMS OF THE 2012 NOTES

Section 301. Establishment of Series

There is hereby created a series of Securities to be known and designated as the "6.375% Notes Due 2012" (the "2012 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 2012 Notes shall constitute a single series of Securities.

Section 302. Variations in Terms of the 2012 Notes

Subject to the terms and conditions set forth in the Original Indenture and in this Fourth Supplemental Indenture, the terms of any particular 2012 Note may vary from the terms of any other 2012 Note as contemplated by Section 301 of the Original Indenture, and the terms for a particular 2012 Note will be set forth in such 2012 Note as delivered to the Trustee or an Authenticating Agent for authentication pursuant to Section 303 of the Original Indenture.

Section 303. Amount and Denominations; the Depositary

The initial principal amount of 2012 Notes that may be issued under this Fourth Supplemental Indenture shall be $400,000,000. Additional 2012 Notes may be issued under this Fourth Supplemental Indenture in unlimited principal amounts as permitted by the Original Indenture. The authorized denominations of 2012 Notes shall be $1,000 or integral multiples of $1,000 in excess thereof.

The 2012 Notes shall be issuable only in fully registered form, without coupons, and will initially be registered in the name of the Depositary, or its nominee who is hereby designated as "U.S. Depositary" under the Original Indenture.

Section 304. Interest Rates and Interest Payment Dates

(a) Interest Rate. The 2012 Notes shall bear interest at the annual rate of 6.375% (the "2012 Note Interest Rate") from the Original Issue Date to, but excluding, August 15, 2012. Interest on the 2012 Notes will be payable semi-annually on each Interest Payment Date, commencing on February 15, 2003. Such interest will be payable to the holder thereof as of the related Record Date.

(b) Computation of Interest. The amount of interest payable for any period will be computed on the basis of a year of 360 days consisting of twelve 30-day months. Except for the effect of any adjustment in the Interest Payment Date as provided in the

following sentence, the amount of interest payable for any period shorter than a full six-month period for which interest is computed, will be computed on the basis of the actual number of days elapsed in such a 180-day period. If any Interest Payment Date would otherwise be a day that is not a Business Day, the payment required to be made on 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, except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

Section 305. Form and Other Terms of the 2012 Notes

(a) Attached hereto as Exhibit A is the form of 2012 Note, which form is hereby established as the form in which the 2012 Notes may be issued and which shall be completed with the series designation, stated maturity, interest rate and CUSIP number applicable to the 2012 Notes upon such issuance.

(b) Subject to (a) above, any 2012 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 Fourth Supplemental Indenture.

Section 306. Authentication and Delivery

As provided in and pursuant to Section 303 of the Original Indenture, each time that the Company delivers 2012 Notes to the Trustee or Authenticating Agent for authentication after the initial issuance of 2012 Notes under this Indenture, the Company shall deliver a Supplemental Company Order in the form of Exhibit B to this Fourth Supplemental Indenture (which form shall be completed upon delivery with the series designation applicable to the 2012 Notes) for the authentication and delivery of such 2012 Notes and the Trustee or such Authenticating Agent shall authenticate and deliver such 2012 Notes.

Section 307. Redemption; No Sinking Fund

The 2012 Notes are subject to redemption, in whole or in part, at any time, and at the option of the Company, at a redemption price equal to the greater of:

(i) 100% of the principal amount of 2012 Notes then outstanding to be redeemed, or

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2012 Notes then outstanding to be redeemed (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis (computed based on a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 30 basis points (0.30%), as calculated by an Independent Investment Banker,

plus, in both of the above cases, accrued and unpaid interest thereon to the redemption date.

The Company will mail a notice of redemption at least 30 days but no more than 60 days before the redemption date to each holder of 2012 Notes to be redeemed. If the Company elects to partially redeem the 2012 Notes, the Trustee will select in a fair and appropriate manner the 2012 Notes to be redeemed.

Unless the Company defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the 2012 Notes or portions thereof called for redemption.

The 2012 Notes are not entitled to the benefit of any sinking fund or analogous provision.

ARTICLE FOUR

APPROVAL OF AMENDMENT TO SECTION 801 OF ORIGINAL INDENTURE

The Holders of the Notes, by their acquisition thereof, shall be deemed to have approved the amendment of Section 801 of the Original Indenture as such amendment is set forth in Section 303 of the Third Supplemental Indenture.

ARTICLE FIVE

PAYMENTS IN THE EVENT OF CERTAIN TRANSACTIONS

In the event that the payment of the principal of and interest on the Notes has been expressly assumed pursuant to Section 801(1) of the Original Indenture, as amended by the Third Supplemental Indenture, by a Corporation or Person organized and existing under the laws of a foreign jurisdiction (a "Foreign Successor") and such Foreign Successor is required to withhold any taxes, duties or other governmental charges with respect to such principal or interest payments (collectively, a "Foreign Withholding Tax") imposed or levied by such foreign jurisdiction or a political subdivision thereof, then such Foreign Successor shall pay such additional amounts ("Additional Amounts") included in the interest or principal otherwise then due and payable as are necessary so that the net amount received by each Holder of the Notes after the withholding of any Foreign Withholding Tax (including any Foreign Withholding Tax imposed with respect to such Additional Amounts) will not be less than the amount of interest or principal then otherwise due and payable. However, the Foreign Successor shall not be required to pay any Additional Amounts to the extent that (i) a Foreign Withholding Tax is imposed or levied because of a present or former connection between the Holder of the Notes (or the beneficial owner of such securities) and the foreign jurisdiction, other than a connection arising solely from the Holder (or beneficial owner) having received a payment of principal of or interest on the Notes, or (ii) to the extent that the Foreign Withholding Tax is imposed or levied because the Holder (or beneficial owner) has not made a declaration of non-residence in, or other lack of connection with, the foreign jurisdiction or any similar claim for exemption from, or reduction of, withholding tax, provided that the Foreign Successor or its agent notifies the Holder of the Notes of the requirement for such a declaration or claim in a reasonable and timely manner.

ARTICLE SIX

MISCELLANEOUS

Section 601. Effect On Original Indenture

The Fourth Supplemental Indenture is a supplement to the Original Indenture. As supplemented by this Fourth Supplemental Indenture, the Original Indenture is in all respects ratified, approved and confirmed, and the Original Indenture and this Fourth Supplemental Indenture shall together constitute one and the same instrument.

Section 602. Counterparts

This Fourth 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 but one and the same instrument.

Section 603. 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 Fourth Supplemental Indenture.

Section 604. Governing Law

This Fourth Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction that govern the Original Indenture and its construction.

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed as of the date and year first written above.

TAMPA ELECTRIC COMPANY

By: _____
Name: Robert D. Fagan
Title: Chairman of the Board and Chief Executive Officer

THE BANK OF NEW YORK, AS TRUSTEE

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed as of the date and year first written above.

TAMPA ELECTRIC COMPANY

By:_____
Name: Gordon L. Gillette
Title: Senior Vice President – Finance and Chief Financial Officer

THE BANK OF NEW YORK, AS TRUSTEE

By:_____
Name:
Title:

$550,000,000

TAMPA ELECTRIC COMPANY

5.375% Notes due August 15, 2007

6.375% Notes due August 15, 2012

UNDERWRITING AGREEMENT

August 21, 2002

SALOMON SMITH BARNEY INC.
BARCLAYS CAPITAL INC.
J.P. MORGAN SECURITIES INC.
AS REPRESENTATIVES OF THE SEVERAL UNDERWRITERS

C/O SALOMON SMITH BARNEY INC.
388 GREENWICH STREET
NEW YORK, NY 10013

Dear Sirs:

1. *Introductory*. Tampa Electric Company, a Florida corporation (the "**Company**"), proposes to issue and sell to the Underwriters set forth on Schedule A hereto (the "**Underwriters**") an aggregate of (i) $150,000,000 principal amount of its 5.375% Notes due August 15, 2007 (the "**2007 Notes**") and (ii) $400,000,000 principal amount of its 6.375% Notes due August 15, 2012 (the "**2012 Notes**" and together with the 2007 Notes, the "**Offered Securities**") to 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 "**Indenture Trustee**"), as amended and supplemented by the fourth supplemental indenture dated as of August 15, 2002 (the Base Indenture, as so amended and supplemented, being referred to herein as the "**Indenture**"). The Company hereby agrees with the several Underwriters as follows:

2. *Representations and Warranties of the Company*. The Company represents and warrants to, and agrees with, each Underwriter that:

(a) A registration statement (No. 333-91602), including a prospectus, relating to the Offered Securities has been filed with the Securities and Exchange Commission (the "**Commission**") and has been declared effective. Such registration statement, as amended at the date of this Agreement and including all material incorporated by reference therein, meets the requirements set forth in Rule 415(a)(1)(x) under the Securities Act of 1933, as amended (the "**Act**"), and is hereinafter referred to as the "**Registration Statement**", and the prospectus relating to the Offered Securities included in the Registration Statement, as

supplemented to reflect the terms of the offering of the Offered Securities, as first filed with the Commission pursuant to and in accordance with Rule 424(b) ("**Rule 424(b)**") under the **Act**, including all material incorporated by reference therein, is hereinafter referred to as the "**Prospectus**". No document has been or will be prepared or distributed in reliance on Rule 434 under the Act. 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. Any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, the Prospectus, any related preliminary prospectus or preliminary prospectus supplement shall be deemed to refer to and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") after the date of this Agreement, or the issue date of the Prospectus, any related preliminary prospectus or preliminary prospectus supplement, as the case may be, deemed to be incorporated therein by reference.

(b) On the effective date of the Registration Statement, such Registration Statement conformed in all respects to the requirements of the Act, the Trust Indenture Act of 1939 (the "**Trust Indenture Act**") and the rules and regulations of the Commission ("**Rules and Regulations**") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and on the date of this Agreement, the Registration Statement and the Prospectus conform in all respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations, and neither of such documents includes as of the date of this Agreement or will include as of the date of any amendment or supplement thereto or the Closing Date (as defined below) any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that the foregoing does not apply to that part of the Registration Statement which constitutes the Statement of Eligibility (Form T-1) of the Trustee under the Trust Indenture Act and statements in or omissions from any such documents based upon written information furnished to the Company by any Underwriter through Salomon Smith Barney Inc., if any, specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 7(b) hereof.

(c) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Florida, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to so qualify would not have a material adverse effect on the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole (a "**Material Adverse Effect**").

(d) The Indenture has been duly authorized by the Company and has been duly qualified under the Trust Indenture Act; the Offered Securities have been duly authorized by the Company; the Offered Securities, when validly authenticated, delivered and paid

for pursuant to this Agreement on the Closing Date (as defined below), and the Indenture, when validly executed and delivered by the Trustee, will each have been duly executed, issued and delivered by the Company, will conform to the description thereof contained in the Prospectus, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and general equity principles (whether considered in a proceeding in equity or at law); and the Offered Securities are entitled to the benefits of the Indenture.

(e) No consent, approval, authorization, or order of, or filing, registration or qualification with, any governmental agency or body or any court (including without limitation the Florida Public Service Commission) is required for the performance by the Company of its obligations hereunder or in connection with the consummation of the transactions contemplated by this Agreement (including without limitation in connection with the issuance and sale of the Offered Securities by the Company), except such as have been obtained or made under the Act and the Trust Indenture Act and such as may be required under state securities laws.

(f) The execution, delivery and performance of the Indenture and this Agreement, and the issuance and sale of the Offered Securities and compliance by the Company with the terms and provisions of the Indenture, this Agreement and the Offered Securities will not result in a breach or violation by the Company of any of the terms and provisions of, or constitute a default by the Company under, (A) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or its property, (B) any agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the properties of the Company is subject, except where such breaches, defaults or violations would not result in a Material Adverse Effect, or (C) the charter or by-laws of the Company; and the Company has full power and authority to authorize, issue and sell the Offered Securities as contemplated by this Agreement.

(g) This Agreement has been duly authorized, executed and delivered by the Company.

(h) Except as disclosed in the Prospectus, there are no pending actions, suits or proceedings against or involving the Company or its property that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or would materially and adversely affect the ability of the Company to perform its obligations under the Indenture or this Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and, to the Company's knowledge, no such actions, suits or proceedings are threatened or contemplated.

(i) The financial statements of the Company, together with the related notes to such financial statements, included in the Registration Statement and the Prospectus present fairly the financial position of the Company and its consolidated subsidiaries as of

the dates shown and their results of operations and cash flows for the periods shown, and, except as otherwise disclosed in the Prospectus, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis (except as stated therein and except the notes to the interim financial statements) and any schedules included in the Registration Statement present fairly the information required to be stated therein. PricewaterhouseCoopers LLP, who have certified certain of such financial statements of the Company, are independent public accountants with respect to the Company and its subsidiaries as required by the Exchange Act and the Rules and Regulations thereunder.

(j) Except as disclosed in the Prospectus, since the date of the latest audited financial statements incorporated by reference in the Prospectus, there has been no material adverse change in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole.

(k) The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended.

(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.

(m) Any certificate signed by any officer of the Company delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

3. *Purchase, Sale and Delivery of Offered Securities.* On the basis of the representations, warranties and agreements herein contained, and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price and with the terms set forth in Schedule B, the principal amount of Offered Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional amount of Offered Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 9 hereof.

The Company will deliver against payment of the purchase prices the Offered Securities in the form of permanent global securities in definitive form (the "**Global Securities**") deposited with the Trustee as custodian for The Depository Trust Company ("**DTC**") and registered in the name of Cede & Co., as nominee for DTC, and to be credited to each Underwriter's account with DTC. Interests in any permanent global securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Prospectus. Payment for the Offered Securities shall be made by delivery by Salomon Smith Barney Inc. in federal (same day) funds by wire transfer to an account at a bank, designated by the Company and open for the receipt of funds (and verification of the receipt of funds), at 9:00 a.m. (New York time), on August 26,

2002, such time being herein referred to as the "**Closing Date**", against delivery to the Trustee as custodian for DTC of the Global Securities representing all of the Offered Securities. It is understood that each Underwriter has authorized Salomon Smith Barney Inc. for its account to accept delivery of, receipt for, and make payment of the purchase price for, the Offered Securities which it has agreed to purchase. The Global Securities will be made available for checking at the office of DTC or its designated custodian (the "**Designated Office**") at least one business day prior to the Closing Date.

The documents to be delivered on the Closing Date by or on behalf of the parties hereto pursuant to Section 6, including the cross-receipt for the Offered Securities and any additional documents requested by the Representatives pursuant to Section 6, will be delivered at the offices of Palmer & Dodge LLP, 111 Huntington Avenue, Boston, MA 02199, and the Offered Securities will be delivered at the Designated Office, all at 9:00 a.m. on the Closing Date.

4. *Offering by the Underwriters.* It is understood that the several Underwriters propose to offer the Offered Securities for sale to the public as set forth in the Prospectus.

5. *Certain Agreements of the Company.* The Company agrees with the several Underwriters that it will furnish to counsel for the Underwriters one conformed copy of the Registration Statement, including all exhibits, in the form it became effective and all amendments thereto and that, in connection with the offering of the Offered Securities:

(a) The Company will prepare the Prospectus in a form approved by the Representatives and file the Prospectus with the Commission pursuant to and in accordance with Rule 424(b) within the time prescribed under Rule 424(b), not later than the second business day following the execution and delivery of this Agreement.

(b) The Company will advise the Representatives promptly in writing of any proposal to amend or supplement the Registration Statement or the Prospectus and will not effect any such amendment or supplementation to which the Representatives have reasonably objected in writing, and the Company will also advise the Representatives promptly in writing of the filing of any such amendment or supplement; provided, however, that the foregoing shall not apply to any of the Company's periodic filings with the Commission pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act if filed after the termination of this offering; and the Company will also advise the Representatives promptly of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any part thereof and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(c) If, at any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by an Underwriter or any dealer, any event occurs 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 under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus

to comply with the Act or the Rules and Regulations, the Company promptly will notify the Representatives of such event and will promptly prepare and file with the Commission, at its own expense, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Representatives' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6 hereof.

(d) As soon as practicable, but not later than 16 months after the date of this Agreement, the Company will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the later of (i) the effective date of the registration statement relating to the Offered Securities, (ii) the effective date of the most recent post-effective amendment to the Registration Statement to become effective prior to the date of this Agreement and (iii) the date of the Company's most recent Annual Report on Form 10-K filed with the Commission prior to the date of this Agreement, which will satisfy the provisions of Section 11(a) of the Act.

(e) The Company will furnish to each Underwriter copies of the Registration Statement, including all exhibits, any related preliminary prospectus, any related preliminary prospectus supplement, the Prospectus and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the requesting Underwriter reasonably requests. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(f) The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Offered Securities for sale and to determine their eligibility for investment under the laws of such jurisdictions as the Representatives designate and will continue such qualifications in effect so long as required for the distribution; provided, that the Company will not be required to qualify as a foreign corporation or to file a general consent to service of process in any such jurisdiction or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(g) During the period of five years after the date of this Agreement, the Company will furnish to the each Underwriter as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year, and the Company will deliver to each Underwriter (i) as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to stockholders, provided that any such report or proxy statement shall be deemed to be furnished when posted electronically on a website designated by the Company to which the Underwriters have access, and (ii) from time to time, such other information concerning the Company as the requesting Underwriter may reasonably request, subject to appropriate confidentiality undertakings reasonably satisfactory to the Company and the right of the Company to withhold information if required by applicable law.

(h) The Company will pay all expenses incident to the performance of its obligations under this Agreement and the Indenture, including (i) all expenses in

connection with the execution, issue, authentication, packaging and initial delivery of the Offered Securities, the preparation and printing of this Agreement, the Offered Securities, the Indenture, the Prospectus and any amendments and supplements thereto, and any other document relating to the issuance, offer, sale and delivery of the Offered Securities, (ii) any filing fees or other expenses (including fees and disbursements of counsel to the Underwriters, which fees and disbursements shall not exceed $5,000) incurred in connection with qualification of the Offered Securities for sale and determination of their eligibility for investment under the laws of such jurisdictions as the Underwriters designate and the printing of memoranda relating thereto; (iii) any applicable filing fee incident to the review by the National Association of Securities Dealers, Inc. of the terms of the offering of the Offered Securities and the fees and disbursements of counsel to the Underwriters in connection therewith (which counsel fees shall be included in the cap set forth above), (iv) any fees charged by investment rating agencies for the rating of the Offered Securities, and (v) expenses incurred in distributing the Prospectus, any preliminary prospectuses, or any preliminary prospectus supplements (including any amendments and supplements thereto) to the Underwriters.

(i) For a period beginning at the date of this Agreement and ending at the Closing Date, the Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to debt securities issued or guaranteed by the Company and having a maturity of more than one year from the date of issue (other than debt securities the interest on which is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended) or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing without the prior written consent of the Representatives.

6. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase and pay for the Offered Securities on the Closing Date will be subject to the accuracy of the representations and warranties on the part of the Company herein, to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) On or prior to the date hereof, the Representatives shall have received a letter, dated the date of this Agreement, of PricewaterhouseCoopers LLP confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating to the effect that:

(i) in their opinion the financial statements and schedules and any summary of earnings examined by them and included in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 71, Interim Financial Information, on the unaudited financial statements included in the Registration Statement;

(iii) on the basis of the review referred to in clause (ii) above, a reading of the latest available interim financial statements of the Company, inquiries of officials of the Company who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements and any summary of earnings included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or any material modifications should be made to such unaudited financial statements and summary of earnings for them to be in conformity with generally accepted accounting principles;

(B) if any unaudited "capsule" information is contained in the Prospectus, such information does not agree with the amounts set forth in the unaudited consolidated financial statements for those same periods or were not determined on a basis substantially consistent with that of the corresponding amounts in the audited statements of income;

(C) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than three business days prior to the date of this Agreement, there was any change in the capital stock or any increase in short-term indebtedness or long-term debt of the Company and its consolidated subsidiaries or, at the date of the latest available balance sheet read by such accountants, there was any increase in consolidated net current liabilities or any decrease in consolidated net current assets or net assets or stockholders' equity, as compared with amounts shown on the latest balance sheet incorporated by reference in the Prospectus; or

(D) for the period from the closing date of the latest income statement incorporated by reference in the Prospectus to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year, in consolidated net sales, net operating income, in the total or per share amounts of consolidated income before extraordinary items, net income or in the ratio of earnings to fixed charges;

except in all cases as set forth in clauses (B) and (C) above for changes,

increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter, and

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained or incorporated by reference in the Prospectus (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Company and its subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

(b) The Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 5(a) of this Agreement. No stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company or any Underwriter, shall be contemplated by the Commission.

(c) Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole which, in the judgment of Salomon Smith Barney Inc., is material and adverse and makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities; (ii) any downgrading in the rating of any debt securities of the Company, including the Offered Securities, by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any material suspension or material limitation of trading in securities generally on the New York Stock Exchange or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (iv) any banking moratorium declared by U.S. federal or New York authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (v) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency; or (vi) any change in United States or international financial, political or economic conditions if, in the judgment of Salomon Smith Barney Inc., the effect of any such event or change referred to in clause (v) or (vi) above is so adverse and material as to make it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities.

(d) The Representatives shall have received an opinion, dated the Closing Date, of Palmer & Dodge LLP, counsel for the Company, reasonably satisfactory in form and substance to the Representatives and solely to the effect that:

(i) The Company has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Florida, with corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement;

(ii) The Offered Securities and the Indenture each have been duly authorized, executed and delivered by the Company; the Offered Securities, when validly authenticated and delivered by the Trustee, will be validly issued and conform as to legal matters to the description thereof contained in the Prospectus; the Offered Securities and the Indenture, when validly authenticated, executed and delivered by the Trustee, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles; and the Offered Securities are entitled to the benefits of the Indenture;

(iii) No filing, registration, or qualification with, or authorization, approval, consent, license, order or decree of, any court or governmental agency or body is necessary or required in connection with the due authorization, execution and delivery of this Agreement or the Indenture or for the offering, issuance, sale or delivery of the Offered Securities by the Company, except such as have been obtained or made under the Act, the Rules and Regulations thereunder, and the Trust Indenture Act or such as may be required under state securities laws as to which such counsel need express no opinion;

(iv) The execution, delivery and performance by the Company of this Agreement, the Offered Securities and the Indenture and the consummation of the transactions contemplated by this Agreement and in the Registration Statement (including the issuance and sale of the Offered Securities and the use of the proceeds from the sale of the Offered Securities as described in the Prospectus under the caption "Use of Proceeds"), do not and will not, whether with or without the giving of notice or lapse of time or both, (i) violate, 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 pursuant to any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or any of the Company's Forms 10-Q or 8-K filed thereafter but on or prior to the date of such opinion, or (ii) violate (x) the charter or by-laws of the Company, (y) any applicable statute or rule or regulation, or (z) any judgment, order, writ or decree known to such counsel of any government, government instrumentality or court;

(v) The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940;

(vi) The Indenture has been duly qualified under the Trust Indenture Act;

(vii) This Agreement has been duly authorized, executed and delivered by the Company;

(viii) The Registration Statement has become effective under the Act, the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) specified in such opinion within the time period required by Rule 424(b) and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued under the Act and no proceedings for that purpose have been instituted or are pending or threatened by the Commission;

(ix) The Registration Statement, the Prospectus, excluding the documents incorporated by reference therein, and each amendment or supplement thereto, excluding the documents incorporated by reference therein, as of their respective effective or issue dates (other than the financial statements and supporting schedules included therein or omitted therefrom and the statements of Eligibility on Form T-1 of the Trustee, as to which such counsel need not express an opinion) complied as to form in all material respects with the requirements of the Act, the Rules and Regulations thereunder and the Trust Indenture Act;

(x) The documents incorporated by reference in the Prospectus and each amendment or supplement thereto (other than the financial statements and supporting schedules included therein or omitted therefrom and the statements of Eligibility on Form T-1 of the Trustee, as to which such counsel need not express an opinion), when they became effective or were filed with the Commission or as subsequently amended prior to the date of this Agreement, as the case may be, complied as to form in all material respects with the requirements of the Exchange Act and the Rules and Regulations thereunder; and

(xi) The statements made in the Prospectus under the captions "Description of the Notes" and "Description of the Debt Securities," insofar as such statements purport to constitute a summary of the terms of any of the Indenture or the Offered Securities, constitute an accurate summary thereof in all material respects.

In giving such opinion, such counsel may limit its opinion to the law of the Commonwealth of Massachusetts, the Florida Business Corporation Act and the federal law of the United States, and such counsel may rely as to all matters governed by the laws of jurisdictions other than the law of the Commonwealth of

Massachusetts and the federal law of the United States, upon the opinion of counsel satisfactory to the Representatives. Such counsel may also state that it has relied upon certificates of public officials and, insofar as such opinion involves factual matters, it has relied upon certificates of officers of the Company. In rendering its opinion, such counsel may rely as to matters of Florida law (other than the Florida Business Corporation Act) upon the opinion of Sheila M. McDevitt, Esq. and may assume the due authorization, execution and delivery of all documents by parties thereto, other than the Company.

In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which causes it to believe that the Registration Statement, as of its effective date, or any amendment thereto, as of its effective date, contained any untrue statement of a 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 its issue date or as of the Closing Date, or any amendment or supplement thereto, as of its issue date or as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no comment as to the Forms T-1 or the financial statements, including the notes thereto and supporting schedules, or other financial information and data contained in the Registration Statement or the Prospectus. With respect to such statement, such counsel may state that its belief is based upon procedures set forth therein satisfactory to the Representatives but is without independent investigation or verification.

(e) The Representatives shall have received an opinion, dated the Closing Date, of Sheila M. McDevitt, Esq., general counsel of the Company, reasonably satisfactory in form and substance to the Representatives and solely to the effect that:

(i) The Company has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Florida, with corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement;

(ii) The Offered Securities and the Indenture each have been duly authorized, executed and delivered by the Company; the Offered Securities, when validly authenticated and delivered by the Trustee, will be validly issued and conform as to legal matters to the description thereof contained in the Prospectus; the Offered Securities and the Indenture, when validly authenticated, executed and delivered by the Trustee, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization,

moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles;

(iii) All descriptions in the Registration Statement of written contracts and other documents to which the Company is a party are accurate in all material respects; to the best of such counsel's knowledge, there are no franchises, contracts, indentures, mortgages, loan agreements, notes, leases or other instruments required to be described or referred to in the Registration Statement or to be filed as exhibits thereto other than those described or referred to therein or filed or incorporated by reference as exhibits thereto, and the descriptions thereof or references thereto are correct in all material respects;

(iv) No filing, registration, or qualification with, or authorization, approval, consent, license, order or decree of any court or governmental agency or body (including without limitation the Florida Public Service Commission) is necessary or required in connection with the due authorization, execution and delivery of this Agreement or the Indenture or for the offering, issuance, sale or delivery of the Offered Securities by the Company, except as may be required under such state securities laws as to which such counsel need express no opinion;

(v) The execution, delivery and performance by the Company of this Agreement, the Offered Securities and the Indenture and the consummation of the transactions contemplated by this Agreement and in the Registration Statement (including the issuance and sale of the Offered Securities and the use of the proceeds from the sale of the Offered Securities as described in the Prospectus under the caption "Use of Proceeds") do not and will not whether with or without the giving of notice or lapse of time or both (i) violate, 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 pursuant to any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or any of the Company's Forms 10-Q or 8-K filed thereafter but on or prior to the date of such opinion, or (ii) violate (x) the charter or by-laws of the Company, (y) any applicable statute, rule or regulation, or (z) any judgment, order, writ or decree known to such counsel of any government, government instrumentality or court; and

(vi) This Agreement has been duly authorized, executed and delivered by the Company.

In giving such opinion, such counsel may limit her opinion to the law of the State of Florida, and such counsel may rely as to all matters governed by the laws of jurisdictions other than the law of the State of Florida, upon the opinion of counsel satisfactory to the Representatives. Such counsel may assume the due authorization, execution and delivery of documents by the parties thereto, other than the Company.

In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which causes her to believe that the Registration Statement, as of its effective date, or any amendment thereto, as of its effective date, contained any untrue statement of a 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 its issue date or as of the Closing Date, or any amendment or supplement thereto, as of its issue date or as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no comment as to the Forms T-1 or the financial statements, including the notes thereto and supporting schedules, or other financial information and data contained in the Registration Statement or the Prospectus. With respect to such statement, such counsel may state that her belief is based upon procedures set forth therein satisfactory to the Representatives but is without independent investigation or verification.

(f) The Representatives shall have received from Ropes & Gray, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to the validity of the Offered Securities delivered on such Closing Date, the Registration Statement, the Prospectus and other related matters as the Representatives may require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(g) The Representatives shall have received a certificate, dated the Closing Date, of the President or any Vice President and a principal financial or accounting officer of the Company in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement are true and correct, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date, that no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission and, that subsequent to the date of the most recent financial statements in the Prospectus, there has been no material adverse change in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole except as set forth in or contemplated by the Prospectus or as described in such certificate.

(h) The Representatives shall have received a letter, dated the Closing Date, of PricewaterhouseCoopers LLP which meets the requirements of subsection (a) of this Section, except that the specified date referred to in such subsection will be a date not more than three days prior to the Closing Date for the purposes of this subsection.

The Company will furnish the Underwriters with such conformed copies of such opinions, certificates, letters and documents as the Underwriters reasonably request. The Representatives

may in their sole discretion waive, on behalf of the Underwriters, compliance with any conditions to the obligations of the Underwriters.

7. *Indemnification and Contribution.*

(a) The Company will indemnify and hold harmless each Underwriter, its partners, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act, against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter, through Salomon Smith Barney Inc., specifically for use therein, it being understood and agreed that the only such information furnished by the Underwriters consists of the information described as such in subsection (b) below; and, provided, further that, this indemnity with respect to the Prospectus or any related preliminary prospectus or preliminary prospectus supplement shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) from whom the person asserting any such loss, claim, damage or liability purchased the Offered Securities that are the subject thereof if

(i) such Underwriter did not send or deliver to such person a copy of the Prospectus (or the Prospectus, as amended or supplemented) excluding documents incorporated therein by reference at or prior to the confirmation of the sale of the Offered Securities to such person (but only to the extent that such loss, claim, damage or liability is finally determined by a court of competent jurisdiction to arise out of the untrue statement or omission of a material fact that was corrected in the Prospectus (or the Prospectus, as amended or supplemented) that was not delivered by such Underwriter at or prior to confirmation of sale) in any case where such delivery is required by the Act,

(ii) the Company has provided to such Underwriter sufficient quantities of the Prospectus (or the Prospectus, as amended or supplemented) in sufficient time to enable such Underwriter to deliver to such person a copy of the Prospectus (or the Prospectus, as amended or supplemented) in a timely manner, and

(iii) the untrue statement or omission of a material fact contained in the Prospectus or any related preliminary prospectus or preliminary prospectus supplement was corrected in the Prospectus (or the Prospectus, as amended or supplemented).

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Company, its directors, each officer who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the Act, against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter, through Salomon Smith Barney Inc., if any, specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by the Underwriters consists of the following information in the Prospectus: the selling concession and discount reallowance information appearing in the third paragraph and the information contained in the third sentence of the fourth paragraph and the fifth, sixth and seventh paragraphs under the caption "Underwriting."

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party

and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of such indemnified party.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (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 (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which 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 the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault 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 an Underwriter in writing through Salomon Smith Barney Inc. and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter 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 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each partner, director or officer of such Underwriter and each person, if any, who controls an Underwriter within the meaning of the Act; and the obligations of each Underwriter under this Section shall be in addition to any liability which such

Underwriter may otherwise have and shall extend, upon the same terms and conditions, to each director of the Company, to each officer of the Company who has signed the Registration Statement and to each person, if any, who controls the Company within the meaning of the Act.

8. *Survival of Certain Representations and Obligations.* The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If for any reason the purchase of the Offered Securities by the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 5 and the respective obligations of the Company and the Underwriters pursuant to Section 7 shall remain in effect, and if any Offered Securities have been purchased hereunder the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of a termination of this Agreement under Section 9 hereof or the occurrence of any event specified in clause (iii), (iv) or (v) of Section 6(c), the Company will reimburse the non-defaulting Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities.

9. *Default by One or More of the Underwriters.* If one or more of the Underwriters shall fail on the Closing Date to purchase the Offered Securities which it or they are obligated to purchase under this Agreement (the "**Defaulted Securities**"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such principal amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the aggregate principal amount of the Defaulted Securities does not exceed 10% of the aggregate principal amount of the Offered Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the aggregate principal amount of the Defaulted Securities exceeds 10% of the aggregate principal amount of the Offered Securities to be purchased on such date, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement either (i) the Representatives or (ii) the Company shall have the right to postpone the Closing Date for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

10. *Notices.* All communications hereunder will be in writing and, if sent to the Underwriters, shall be directed to Salomon Smith Barney Inc. and will be mailed or delivered and confirmed to it at Salomon Smith Barney Inc., 390 Greenwich Street, New York, New York 10013, Attention: Debt Capital Markets, or, if sent to the Company, will be mailed or delivered and confirmed to it at 702 North Franklin Street, Tampa, Florida 33602, Attention: Corporate Secretary.

11. *Successors.* This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the partners, officers and directors and controlling persons referred to in Section 7, and no other person will have any right or obligation hereunder. No purchaser of the Offered Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

12. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement.

13. *Representation of Underwriters.* The Representatives will act for the several Underwriters in connection with this Agreement, and any action taken by the Representatives will be binding upon all the Underwriters.

14. *Jurisdiction.* The Company hereby submits to the non-exclusive jurisdiction of the federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

15. ***Applicable Law.*** **This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to its principles of conflicts of laws.**

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement between the Company and the Underwriters in accordance with its terms.

Very truly yours,

TAMPA ELECTRIC COMPANY

By: _____
Name: Robert D. Fagan
Title: Chairman of the Board and Chief Executive Officer

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

SALOMON SMITH BARNEY INC.
BARCLAYS CAPITAL INC.
J.P. MORGAN SECURITIES INC.

By: SALOMON SMITH BARNEY INC.

By:_____
Name:
Title:

Acting on behalf of itself and for the several Underwriters

As filed with the Securities and Exchange Commission on June 28, 2002.

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 No.)*

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)

David E. Schwartz, Esq.
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.
Palmer & Dodge LLP
111 Huntington Avenue
Boston, Massachusetts 02199-7613

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 pursuant 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 434, 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)(2)(3)	Amount of registration fee(1)
Debt Securities	$950,000,000	100%	$950,000,000(4)(5)	$24,900(4)

(1) Estimated solely for the purpose of determining the registration fee and computed pursuant to Rule 457(o). If any debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount as shall result in an aggregate initial offering price not in excess of $950,000,000.

(2) In United States dollars or the equivalent thereof in any other currency as shall result in an aggregate initial offering price for all debt securities not in excess of $950,000,000.

(3) Exclusive of accrued interest, if any.

(4) Pursuant to Rule 457(p) under the Securities Act of 1933, $250,000,000 of securities are being carried forward from Tampa Electric Company's Registration Statement on Form S-3 (No. 333-55090) filed with the Commission on February 6, 2001 for inclusion in the prospectus filed herewith. The registration fee that is being paid in connection with this Registration Statement is $24,900, which fee represents the total fee for registering the aggregate offering price of the securities registered hereunder less the fee of $62,500 already paid for unsold securities registered under the prior Registration Statement.

(5) In no event will the aggregate offering price of all securities issued from time to time by the registrant under this registration statement exceed $950,000,000.

PURSUANT TO RULE 429 UNDER THE SECURITIES ACT OF 1933, THE PROSPECTUS FILED AS PART OF THIS REGISTRATION STATEMENT RELATES TO THE $700,000,000 AGGREGATE AMOUNT OF SECURITIES REGISTERED HEREBY AS WELL AS TO THE $250,000,000 AGGREGATE AMOUNT OF SECURITIES REMAINING UNSOLD FROM REGISTRATION STATEMENT NO. 333-55090 PREVIOUSLY FILED BY TAMPA ELECTRIC COMPANY.

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.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the SEC is effective. This prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE , 2002

PROSPECTUS

Tampa Electric Company

Debt Securities

We plan to offer debt securities to the public from time to time.

We may offer the debt securities as separate series, in amounts, prices and on terms determined at the time of the sale. When we offer debt securities, we will provide a prospectus supplement or a term sheet describing the terms of the specific issue, including the offering price of the securities. You should read this prospectus and the prospectus supplement or the term sheet, together with the additional information described under the heading "WHERE YOU CAN FIND MORE INFORMATION" beginning on page 9 of this prospectus, before you make your investment decision.

We will sell the debt securities to underwriters or dealers, through agents, or directly to investors.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

The date of this prospectus is June , 2002

Tampa Electric Company • 702 North Franklin Street • Tampa, Florida 33602 • (813) 228-4111

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a "shelf" registration process. Under the shelf process, we may, from time to time, issue and sell to the public any amount of the debt securities described in the registration statement in one or more offerings up to a total dollar amount of $950,000,000.

RISK FACTORS

For each series of debt securities, we will include risk factors, if appropriate, in a prospectus supplement or term sheet relating to that series. You should also consider the "Investment Considerations" included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2001 of our parent, TECO Energy, Inc., as the same may be amended, supplemented or superseded from time to time by future filings under the Securities Exchange Act of 1934.

FORWARD LOOKING STATEMENTS

This prospectus, any prospectus supplement or term sheet, and the documents we have incorporated by reference may contain forward-looking statements. Such statements relate to future events or our future financial performance. We use words such as "anticipate," "believe," "expect," "intend," "may," "project," "will" or other similar words to identify forward-looking statements.

Without limiting the foregoing, any statements relating to our:

- anticipated capital expenditures;
- future cash flows and borrowings;
- potential future merger opportunities; and
- sources of funding

are forward-looking statements. These forward-looking statements are based on numerous assumptions that we believe are reasonable, but they are open to a wide range of uncertainties and business risks and actual results may differ materially from those discussed in these statements.

Among the factors that could cause actual results to differ materially are:

- general economic conditions, particularly those affecting energy sales in our service area;
- variations in weather conditions affecting energy sales and operating costs;
- potential competitive changes in the electric and gas industries, particularly in the area of retail competition;
- changes in environmental regulation that may impose additional costs or curtail some of our activities;
- federal and state regulatory initiatives that increase competition or costs, threaten investment recovery, or impact rate structure;
- available sources and costs of commodities;
- interest rates, market conditions and other factors that could impact our ability to obtain access to sufficient capital on satisfactory terms; and
- restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow or make payments on subordinated debt.

When considering forward-looking statements, you should keep in mind the cautionary statements in this prospectus, any prospectus supplement or term sheet and the documents incorporated by reference.

THE COMPANY

We are a public utility company that is a wholly-owned subsidiary of TECO Energy, Inc., a diversified energy-related holding company. We generate, purchase, transmit, distribute and sell electric energy for customers within west central Florida and, through our Peoples Gas System division, purchase, distribute and sell natural gas for customers throughout Florida. You can find a more complete description of our business and our recent activities in the documents listed under "WHERE YOU CAN FIND MORE INFORMATION." The address of our principal executive office is 702 North Franklin Street, Tampa, Florida 33602, and our telephone number is (813) 228-4111.

RATIO OF EARNINGS TO FIXED CHARGES

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

	Periods Ended March 31, 2002		Year Ended December 31,				
$ millions	3 Months	12 Months	2001	2000	1999	1998	1997
Ratio of earnings to fixed charges	4.51x	4.57x	4.41x	4.14x	3.82x(1)	4.51x(2)	4.38x

For the purposes of calculating these ratios, 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.

(1) Includes the effect of one-time, pretax charges totaling $18.3 million recorded in the third and fourth quarters of 1999. Charges consisted of the following: $10.5 million recorded based on Florida Public Service Commission audits of our 1997 and 1998 earnings which limited our equity ratio to 58.7 percent; $3.5 million to resolve litigation filed by the U.S. Environmental Protection Agency; and $4.3 million for corporate income tax settlements related to prior years' tax returns. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61x for the fiscal year ended December 31, 1999.

(2) Includes the effect of one-time, pretax charges totaling $16.9 million, as more fully explained in Note I to Item 8, Financial Statements and Supplementary Data of our Annual Report on Form 10-K for the 1998 fiscal year. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66x for the fiscal year ended December 31, 1998.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of the debt securities for general corporate purposes, which may include capital expenditures, investment in subsidiaries, working capital, repayment of debt and other business opportunities.

DESCRIPTION OF DEBT SECURITIES

The debt securities will be unsecured and, unless indicated otherwise in the applicable prospectus supplement or term sheet, will rank on parity with all our other unsecured and unsubordinated indebtedness. We will issue debt securities in one or more series under an indenture dated as of July 1, 1998 between us and The Bank of New York, as trustee. We filed the indenture as an exhibit to our registration statement on Form S-3 dated July 13, 1998. The following description of the terms of the debt securities summarizes only the material terms of the debt securities. The description is not complete and we refer you to the indenture, which we incorporate by reference.

General

The indenture does not limit the aggregate principal amount of the debt securities or of any particular series of debt securities that we may issue under it. We are not required to issue debt securities of any series at the same time nor must the debt securities within any series bear interest at the same rate or mature on the same date.

Each time that we issue a new series of debt securities, the prospectus supplement or term sheet relating to that new series will describe the particular amount, price and other terms of those debt securities. These terms may include:

- the title of the debt securities;
- any limit on the total principal amount of the debt securities;
- the date or dates on which the principal of the debt securities will be payable or the method by which such date or dates will be determined;
- the rate or rates at which the 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;
- the date or dates on which any such interest will be payable and the record dates, if any, for any such interest payments;
- if applicable, whether we may extend the interest payment periods and, if so, the permitted duration of any such extensions;
- the place or places where the principal of and interest on the debt securities will be payable;
- any obligation we may have to redeem or purchase the debt securities pursuant to any sinking fund, purchase fund or similar provision or at the option of the holder and the terms and conditions on which the debt securities may be redeemed or purchased pursuant to an obligation;
- the denominations in which we will issue the debt securities, if other than denominations of $1,000;
- the terms and conditions, if any, on which we may redeem the debt securities;
- the currency, currencies or currency units in which we will pay the principal of and any premium and interest on the debt securities, if other than U.S. dollars, and the manner of determining the equivalent in U.S. dollars;
- whether we will issue any debt securities in whole or in part in the form of one or more global securities and, if so, the identity of the depositary for the 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;"
- any addition to, change in or deletion from the events of default or covenants described in this prospectus with respect to the debt securities and any change in the right of the trustee or the holders to declare the principal amount of the debt securities due and payable;
- any index or formula used to determine the amount of principal of or any premium or interest on the debt securities and the manner of determining any such amounts;
- any subordination of the debt securities to any other indebtedness of the Company; and
- other material terms of the debt securities.

Unless the prospectus supplement or term sheet relating to the issuance of a series of debt securities indicates otherwise, the debt securities will have the following characteristics:

We will issue debt securities only in fully registered form, without coupons and in denominations of $1,000 or multiples of $1,000. We will not charge a service fee for the registration, transfer or exchange of

debt securities, but we may require a payment sufficient to cover any tax or other governmental charge payable in connection with registration, transfer or exchange.

The principal of, and any premium and interest on, any debt securities will be payable at the corporate trust office of The Bank of New York in New York, New York. Debt securities will be exchangeable and transfers thereof will be registrable at this corporate trust office. Payment of any interest due on any debt security will be made to the person in whose name the debt security is registered at the close of business on the regular record date for interest.

We will have the right to redeem the debt securities only upon written notice mailed between 30 and 60 days prior to the redemption date.

If we plan to redeem the debt securities, before the redemption occurs we are not required to:

- issue, register the transfer of, or exchange any debt security of that series during the period beginning 15 days before we mail the notice of redemption and ending on the day we mail the notice; or
- after we mail the notice of redemption, register the transfer of or exchange any debt security selected for redemption, except if we are only redeeming a part of a debt security, we are required to register the transfer of or exchange the unredeemed portion of the debt security if the holder so requests.

We may offer and sell debt securities at a substantial discount below their principal amount. We will describe any applicable special federal income tax and other considerations, if any, in the relevant prospectus supplement or term sheet. We may also describe in the relevant prospectus supplement or term sheet 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.

The debt securities do not provide special protection in the event we are involved in a highly leveraged transaction.

Global Securities

If we decide to issue debt securities in the form of one or more global securities, then we will register the global securities in the name of the depositary for the global securities or the nominee of the depositary and the global securities will be delivered by the trustee to the depositary for credit to the accounts of the holders of beneficial interests in the debt securities.

The prospectus supplement or term sheet will describe the specific terms of the depositary arrangement for debt securities of a series that are issued in global form. None of our company, the trustee, any payment agent or the security registrar 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 debt security or for maintaining, supervising or reviewing any records relating to these beneficial ownership interests.

Consolidation, Merger, Etc.

We will not consolidate or merge with or into any other corporation or other organization, or sell, convey or transfer all or substantially all of our assets to any individual or organization, unless:

- the successor is an individual or organization organized under the laws of the United States or any state thereof or the District of Columbia or, upon the effectiveness of the currently proposed amendment to the indenture, under the laws of a foreign jurisdiction and such successor consents to the jurisdiction of the courts of the United States or any state thereof;
- the successor or transferee expressly assumes our obligations under the indenture; and

- the consolidation, merger, sale or transfer does not cause the occurrence of a default under the indenture.

Upon the assumption by the successor of our obligations under the indenture and the debt securities issued thereunder, and the satisfaction of any other conditions required by the indenture, the successor will succeed to and be substituted for us under the indenture.

Modification of the Indenture

The indenture provides that we or the trustee may modify or amend its terms with the consent of (i) the holders of not less than a majority in aggregate principal amount of the outstanding debt securities of each affected series and (ii) 66⅔% in aggregate principal amount of the outstanding debt securities of all affected series. However, without the consent of each holder of all of the outstanding debt securities affected by that modification, we may not:

- change the date stated on the debt security on which any payment of principal or interest is stated to be due;
- reduce the principal amount or any premium or interest on, any debt security, including in the case of a discounted debt security, the amount payable upon acceleration of the maturity thereof;
- change the place of payment or currency of payment of principal of, or premium, if any, or interest on, any debt security;
- 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
- 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 some provisions of the indenture or for waiver of some defaults.

Under limited circumstances and only upon the fulfillment of conditions, we and the trustee may make modifications and amendments of the indenture without the consent of any holders of the debt securities.

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 that series;
- a default of a covenant or provision under the indenture that cannot be modified or amended without the consent of the holder of each outstanding debt security of the affected series.

Events of Default

An event of default with respect to debt securities of any series issued under the indenture is any one of the following events (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):

- we fail to pay any interest on any debt security of that series when due, and such failure has continued for 30 days;
- we fail to pay principal of or any premium on any debt security of that series when due;
- we fail to deposit any sinking fund payment in respect of any debt security of that series when due, and such failure has continued for 30 days;
- we fail to perform any other covenant 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 we receive written notice as provided in the indenture;
- events of bankruptcy, insolvency or reorganization; and

- any other event defined as an event of default with respect to debt securities of a particular series.

If an event of default with respect to any series of debt securities occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the outstanding debt securities of that series may declare the principal amount (or, if any debt securities of that series are discounted debt securities, a portion of the principal amount that the terms of the series may specify) of all debt securities of that series to be immediately due and payable. Under some circumstances, the holders of a majority in principal amount of the outstanding debt securities of that series may rescind and annul that declaration and its consequences. The prospectus supplement or term sheet relating to any series of debt securities that are discounted debt securities will specify the particular provisions relating to acceleration of a portion of the principal amount of the discounted debt securities upon the occurrence of an event of default and the continuation of the event of default.

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 trustee is not obligated to exercise any of its rights or powers under the indenture at the request or direction of any of the holders unless the holders have offered to the trustee reasonable security or indemnity. Subject to such provisions for security and indemnification of the trustee and 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.

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 limitations specified in the indenture, interest on such debt security on its stated maturity date (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any of these payments.

We must furnish to the trustee an annual statement that to the best of our knowledge we are 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 default and its status.

Satisfaction and Discharge of the Indenture

We will have satisfied and discharged the indenture and it will cease to be in effect (except as to our obligations to compensate, reimburse and indemnify the trustee pursuant to the indenture and some other obligations) when we deposit or cause to be deposited with the trustee, in trust, an amount 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 date or earlier redemption date for debt securities that have been called for redemption).

Defeasance of Debt Securities

Unless otherwise provided in the prospectus supplement or term sheet for a series of debt securities, and subject to the terms of the indenture, we may request 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, 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 date 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 of the debt securities 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 should 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 laws.

The Trustee

The trustee is The Bank of New York, which maintains banking relationships with us in the ordinary course of business and serves as trustee under other indentures with us and some of our affiliates.

Governing Law

The indenture and the debt securities will be governed by and construed in accordance with the laws of the State of New York.

PLAN OF DISTRIBUTION

We may sell the debt securities in one or more of the following ways:

- directly to purchasers;
- to or through one or more underwriters or dealers; or
- through agents.

A prospectus supplement or term sheet with respect to a particular series of debt securities will set forth the terms of the offering of those debt securities, including the following:

- the name or names of any underwriters, dealers or agents;
- the purchase price of those debt securities and our proceeds from the sale;
- underwriting discounts and commissions; and
- any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

If we use underwriters in the sale of the debt securities, the underwriters will acquire the debt securities for their own account and they may resell them 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. Underwriting syndicates represented by one or more managing underwriters or one or more independent firms acting as underwriters may offer the debt securities to the public. In connection with the sale of the debt securities, we may compensate the underwriters in the form of underwriting discounts or commissions. The purchasers of the debt securities for whom the underwriters may act as agent may also pay them commissions. Underwriters may sell the debt securities to or through dealers, and those 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 applicable prospectus supplement or term sheet, the obligations of any underwriters to purchase the debt securities will be subject to conditions precedent, and the underwriters will be obligated to purchase all such debt securities if any are purchased.

If we use dealers in the sale of the debt securities, we will sell the debt securities to the dealers as principals. The dealer may then resell the debt securities to the public at varying prices determined by the dealer at the time of resale. The applicable prospectus supplement or term sheet will name any dealer, who may be deemed to be an underwriter, as that term is defined in the Securities Act of 1933, involved in the offer or sale of the debt securities, and set forth any commissions or discounts we grant to the dealer.

If we use agents in the sales of the debt securities, the agents may solicit offers to purchase the debt securities from time to time. The applicable prospectus supplement or term sheet will name 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, and any commissions payable by us to such agent. Any agent will be acting on a reasonable effort basis for the period of its appointment or, if indicated in the applicable prospectus supplement or term sheet, on a firm commitment basis.

We may also sell the debt securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to resales. The terms of any such sales will be described in the applicable prospectus supplement or term sheet.

If the prospectus supplement or term sheet so indicates, we will authorize agents, underwriters or dealers to solicit offers from institutions to purchase the debt securities from us at the public offering price set forth in the prospectus supplement or term sheet pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the applicable prospectus supplement or term sheet, and the prospectus supplement or term sheet will set forth the commission payable for solicitation of the contracts.

Agents, dealers and underwriters may be entitled under agreements with us to indemnification against some civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the agents, dealers or underwriters may be required to make. Agents, dealers and underwriters from time to time may engage in transactions with, or perform services for, us or our subsidiaries for customary compensation.

If indicated in the applicable prospectus supplement or term sheet, one or more firms may offer and sell the debt securities in connection with a remarketing upon their purchase, in accordance with their terms, acting as principals for their own accounts or as our agents. Any remarketing firm will be identified and the terms of its agreement, if any, with us will be described in the applicable prospectus supplement or term sheet. We may be obligated to indemnify the remarketing firm against some liabilities, including liabilities under the Securities Act. The remarketing firm from time to time may engage in transactions with or perform services for us or our subsidiaries for customary compensation.

Any underwriter may engage in over-allotment, stabilizing and syndicate short covering transactions and penalty bids in accordance with Regulation M of the Securities Exchange Act of 1934. Over-allotment involves sales in excess of the offering size, which creates a short position. Stabilizing transactions involve bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate short covering transactions involve purchases of securities in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the underwriters to reclaim selling concessions from dealers when the securities originally sold by the dealers are purchased in covering transactions to cover syndicate short positions. These transactions may cause the price of the debt securities sold in an offering to be higher than it would otherwise be. These transactions, if commenced, may be discontinued by the underwriters at any time.

Any debt securities will be a new issue of securities with no established trading market. We cannot assure you that there will be a market for the debt securities of any particular series or, that, if a market does develop, it will continue to provide holders of those debt securities with liquidity for their investment or will continue for the duration the debt securities are outstanding.

The prospectus supplement or term sheet relating to each offering will set forth the anticipated date of delivery of the debt securities.

LEGAL MATTERS

Palmer & Dodge LLP, Boston, Massachusetts will pass upon the validity of the debt securities for us.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K of Tampa Electric Company for the year ended December 31, 2001 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent certified public accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any of these documents at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC's web site at http://www.sec.gov. Copies of certain information filed by us with the SEC are also available on our website at http://www.tampaelectric.com. Our website is not part of this prospectus.

We filed a registration statement on Form S-3 with the SEC covering the debt securities. For further information about us and the debt securities, you should refer to the registration statement and its exhibits. This prospectus discusses material provisions of our indenture dated July 1, 1998 between us and The Bank of New York, as trustee. Because the prospectus may not contain all the information that you may consider important, you should review the full text of the indenture and other documents we have incorporated by reference into the registration statement.

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all of the debt securities are sold:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001; and
- our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002.

You may request a copy of these filings, at no cost, by telephoning us at (813) 228-4111 or writing us at the following address:

Director of Investor Relations
Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
(813) 228-4111

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement or term sheet. We have not authorized anyone to provide you with different information. We are not making an offer of these debt securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any supplement or term sheet is accurate as of any date other than the date on the front of those documents.

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 us and are estimated as follows:

SEC registration fee	$ 24,900
Rating agency fees	300,000
Trustee's fees and expenses	20,000
Accountant's fees and expenses	50,000
Legal fees and expenses	200,000
Printing costs	100,000
Blue Sky fees and expenses	15,000
Miscellaneous expenses	10,000
Total	$719,900

Item 15. *Indemnification of Directors and Officers*

Our bylaws provide that we will indemnify to the full extent permitted by the law any person who is or was a party to any threatened, pending or completed proceeding because such person is or was our director or officer or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. The indemnification provided for in our bylaws is expressly not exclusive of all other rights to which the person may be entitled as a matter of law.

Section 607.0850 of the Florida Business Corporation Act provides that a corporation may 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, because such person is or was a director, officer, employee or agent of the corporation, or is or was serving, at the request of the corporation, as 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 such person in connection with any such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful; provided, however, no indemnification shall be made in connection with any proceeding brought by or in the right of the corporation where the person involved is adjudged to be liable to the corporation, except to the extent approved by a court.

TECO Energy, Inc. maintains an insurance policy on behalf of our 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 our directors and officers against specified liabilities, including specified liabilities under the Securities Act.

Item 16. *Exhibits*

See Exhibit Index immediately following the signature page hereof.

Item 17. *Undertakings*

(a) We hereby undertake:

(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 of 1933;

(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 end 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 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 us pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 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.

(b) We hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of our 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 the 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 our directors, officers and controlling persons pursuant to the provisions referred to in Item 15 hereof, or otherwise, we have 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 us of expenses incurred or paid by a director, officer or controlling person of us 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, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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 Tampa, State of Florida, on June 28, 2002.

TAMPA ELECTRIC COMPANY

By: /s/ R.D. FAGAN
R.D. Fagan
Chairman of the Board, Director and Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned officers and directors of Tampa Electric Company, hereby severally constitute and appoint Gordon L. Gillette and David E. Schwartz 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 28, 2002.

Signature	Title
/s/ R.D. FAGAN R. D. Fagan	Chairman of the Board, Director and Chief Executive Officer (Principal Executive Officer)
/s/ G. L. GILLETTE G. L. Gillette	Senior Vice President-Finance and Chief Financial Officer (Principal Financial Officer)
/s/ P.L. BARRINGER P.L. Barringer	Vice President-Controller (Principal Accounting Officer)
/s/ C. D. AUSLEY C. D. Ausley	Director
/s/ S. L. BALDWIN S. L. Baldwin	Director
/s/ I. D. HALL I. D. Hall	Director
/s/ J.L. FERMAN, JR. J. L. Ferman, Jr.	Director
/s/ L. GUINOT, JR. L. Guinot, Jr.	Director

Signature	Title
/s/ T. L. RANKIN T. L. Rankin	Director
/s/ W.D. ROCKFORD W.D. Rockford	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
4.1	Indenture dated as of July 1, 1998 between Tampa Electric Company and The Bank of New York, as trustee. Filed as Exhibit 4.1 to Tampa Electric Company's Amendment No. 1 to *Registration Statement on Form S-3* (File No. 333-55873) filed on July 13, 1998 and incorporated herein by reference.
5.1	Opinion of Palmer & Dodge LLP regarding the validity of the debt securities.
5.2	Opinion of Ropes & Gray regarding the validity of the debt securities.
12.1	Computation of Ratio of Earnings to Fixed Charges. Filed as Exhibit 12 to Tampa Electric Company's *Quarterly Report on Form 10-Q for the period ending March 31, 2002.*
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	*Consent of Palmer & Dodge LLP* (included in Exhibit 5.1).
23.3	Consent of Ropes & Gray (included in Exhibit 5.2).
24.1	Power of Attorney (included on signature page of the initial filing of this Registration Statement).
25.1	Statement of Eligibility of Trustee on Form T-1.

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THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT IS NOT COMPLETE AND MAY BE CHANGED. THIS PROSPECTUS SUPPLEMENT IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-91602

SUBJECT TO COMPLETION, DATED AUGUST 20, 2002

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated July 19, 2002)
$

[TAMPA ELECTRIC COMPANY LOGO]

TAMPA ELECTRIC COMPANY
% NOTES DUE AUGUST ,

The notes will bear interest at the rate of % per year. We will pay interest on the notes on and of each year, beginning on , 200 . The notes will mature on . We may redeem some or all of the notes from time to time. The redemption prices are described on page S-7. There is no sinking fund for the notes.

The notes will be unsecured and will rank on a parity with our other unsecured and unsubordinated indebtedness and will be effectively subordinated to our secured indebtedness.

INVESTING IN THE NOTES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE S-3.

<Table>
<Caption>

	PER NOTE	TOTAL
<S>	<C>	<C>
Price to Public(1)	%	$
Underwriting Discounts and Commissions	%	$
Proceeds to Tampa Electric Company	%	$

</Table>

(1) Plus accrued interest, if any, from August , 2002.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about August , 2002.

Joint Book-Runners

SALOMON SMITH BARNEY | BARCLAYS CAPITAL | JPMORGAN

CREDIT LYONNAIS SECURITIES | MIZUHO INTERNATIONAL PLC | SG COWEN
SUNTRUST ROBINSON HUMPHREY | TD SECURITIES | WESTDEUTSCHE LANDESBANK GIROZENTRALE

AUGUST , 2002

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE IN, THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. WE AND THE UNDERWRITERS HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. IF YOU RECEIVE ANY OTHER INFORMATION, YOU SHOULD NOT RELY ON IT. WE AND THE UNDERWRITERS ARE NOT MAKING AN OFFER OF THESE SECURITIES, OR SOLICITING AN OFFER TO BUY THESE SECURITIES, IN ANY STATE WHERE THE OFFER OR SOLICITATION IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE OF THIS PROSPECTUS SUPPLEMENT.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

This prospectus supplement contains forward looking statements. For a description of these statements and a discussion of the factors that may cause our actual results to differ materially from these statements, see "Forward Looking Statements" in the accompanying prospectus.

In this prospectus supplement, "we," "our," "ours" and "us" refers to Tampa Electric Company, unless the context otherwise requires.

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SUMMARY

This summary contains basic information that is important to you. The "Description of the Notes" section of this prospectus supplement contains more detailed information about the terms and conditions of the notes.

TAMPA ELECTRIC COMPANY

Tampa Electric Company is a wholly-owned subsidiary of TECO Energy, Inc. (TECO Energy), an electric and gas utility holding company with important unregulated activities. You can read the reports filed by TECO Energy with the SEC for more information regarding its business, operating results and financial condition. TECO Energy's SEC reports are not incorporated by reference in this prospectus supplement.

The electric division of Tampa Electric Company, referred to as Tampa Electric, provides electric energy and related services to over 588,000 residential, commercial and industrial customers in its West Central Florida service area covering approximately 2,000 square miles, including the City of Tampa and the surrounding areas. Tampa Electric has a total net winter generating capacity of 4,079 megawatts in operation, and is constructing additional capacity to serve its growing customer base. Tampa Electric is in the process of repowering an older coal-fired station to become a combined-cycle natural gas-fired facility. The repowering is expected to add 658 megawatts of generating capacity by 2004, significantly reduce emissions and enhance fuel diversity.

Peoples Gas System, a division of Tampa Electric Company, is Florida's leading provider of natural gas. With a presence in most of Florida's major metropolitan areas, it serves over 276,000 residential and commercial customers. In early 2000, it completed a major expansion to Southwest Florida to market natural gas to a previously unserved high growth area of the state. Peoples Gas System is continuing its expansion into other areas of Florida previously unserved by natural gas.

SUMMARY SELECTED HISTORICAL FINANCIAL INFORMATION

The table below presents summary selected historical consolidated income statement data of Tampa Electric Company. We derived this information from the audited financial statements for the years ended December 31, 1999 through December 31, 2001 and our unaudited financial statements for the six months ended June 30, 2001 and June 30, 2002. This information is only a summary. You should read it in connection with our historical financial statements and related notes and the "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are incorporated by reference in this prospectus. See "Where You Can Find More Information" on page 9 of the accompanying prospectus.

<Table>
<Caption>

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	2002	2001	2001	2000	1999
			($ IN MILLIONS)		
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$921.3	$911.0	$1,764.7	$1,667.4	$1,458.8
Operating income	120.0	117.5	241.5	244.8	233.4
Interest expense(1)	39.0	39.5	77.7	80.8	77.9
Net income	$ 95.6	$ 83.3	$ 177.1	$ 166.3	$ 144.9

</Table>

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(1) Interest expense in 1999 included a $12.7 million charge for income tax settlements and provisions.

THE OFFERING

Notes Offered.....	Aggregate principal amount: $,000,000 Interest rate: % per year. Maturity date: August , .
Interest Payment Dates.....	and , commencing on , 200 . Interest payments will be made to the persons in whose names the notes are registered on the 15th calendar day immediately preceding the applicable interest payment date.
Denominations.....	$1,000 with integral multiples of $1,000.
Optional Redemption.....	The notes will be redeemable, at our option, in whole or in part at any time, at the redemption prices described in "Description of the Notes -- Optional Redemption."
Ranking.....	The notes will be unsecured and will rank on a parity with our other unsecured and unsubordinated indebtedness and will be effectively subordinated to our secured indebtedness.
Use of Proceeds.....	We will use the net proceeds to repay maturing long term debt, to repay commercial paper and for general corporate purposes. Pending such uses, we will invest the net proceeds in short-term money market instruments.
Additional Issuances.....	We may, without the consent of the holders of the notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the notes. Any additional notes having such similar terms, together with the notes, may constitute a single series of notes under the indenture.
Form.....	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 (DTC). Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants.
Trustee.....	The Bank of New York.

RISK FACTORS

In deciding whether to purchase the notes, you should consider carefully the following factors that could cause our operating results and financial condition to be materially adversely affected. You should also consider the "Investment Considerations" included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2001 of our parent, TECO Energy, as updated by its filings with the SEC. TECO Energy's SEC reports are not incorporated by reference in this prospectus supplement.

GENERAL ECONOMIC CONDITIONS MAY ADVERSELY AFFECT OUR BUSINESS.

Our business is affected by general economic conditions. In particular, the projected growth of our service area in Florida is important to the realization of our forecasts for annual energy sales growth. An unanticipated downturn in the local area's or Florida's economy could adversely affect our expected performance. As a result, actual results may differ from those forecast.

OUR BUSINESS IS SENSITIVE TO VARIATIONS IN WEATHER.

Our business is affected by variations in general weather conditions and unusually severe weather. Our energy sales are particularly sensitive to variations in weather conditions. We forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have a material impact on energy sales. Unusual weather, such as hurricanes, could adversely affect operating costs and sales. Peoples Gas System, with a single winter peak period, is more weather sensitive than Tampa Electric, with both summer and winter peak periods. Mild winter weather in Florida can be expected to negatively impact results at Peoples Gas System.

POTENTIAL COMPETITIVE CHANGES MAY ADVERSELY AFFECT OUR GAS AND ELECTRICITY BUSINESSES.

The U.S. electric power industry has been undergoing restructuring. Competition in wholesale power sales has been introduced on a national level. Some states have mandated or encouraged competition at the retail level and, in some situations, required divestiture of generating assets. While there is active wholesale competition in Florida, the retail electric business has remained substantially free from direct competition. Changes in the competitive environment occasioned by legislation, regulation, market conditions or initiatives of other electric power providers, particularly with respect to retail competition, could adversely affect Tampa Electric's business and its performance. The gas distribution industry has been subject to competitive forces for several years. Gas services provided by Peoples Gas System are now unbundled for all non-residential customers. Because Peoples Gas System earns margins on distribution of gas, but not on the commodity itself, unbundling has not negatively impacted Peoples Gas System results. However, future structural changes that we cannot predict could adversely affect Peoples Gas System.

OUR BUSINESSES ARE HIGHLY REGULATED AND ANY CHANGES IN REGULATORY STRUCTURES COULD LOWER REVENUES OR INCREASE COSTS OR COMPETITION.

Tampa Electric and Peoples Gas System operate in highly regulated industries. Their retail operations, including the prices charged, are regulated by the Florida Public Service Commission, and Tampa Electric's wholesale power sales and transmission services are subject to regulation by the Federal Energy Regulatory Commission. Changes in regulatory requirements or adverse regulatory actions could have an adverse effect on Tampa Electric's or Peoples Gas System's performance by, for example, increasing competition or costs, threatening investment recovery or impacting rate structure.

COMMODITY PRICE CHANGES MAY AFFECT THE OPERATING COSTS AND COMPETITIVE POSITIONS OF OUR BUSINESSES.

Tampa Electric and Peoples Gas System are sensitive to changes in coal, gas, oil and other commodity prices. Any changes could affect the prices these businesses charge, their operating costs and the competitive position of their products and services. In the case of Tampa Electric, currently fuel costs used for generation are mostly affected by the cost of coal. Future fuel costs will be impacted by the cost of natural gas as well as coal. Tampa Electric is able to recover the cost of fuel through retail customers'

bills, but increases in fuel costs affect electric prices and, therefore, the competitive position of electricity against other energy sources. Regarding wholesale sales of electricity, the ability to make sales and margins on power sales are currently affected by the cost of coal to Tampa Electric, particularly as it relates to the cost of gas and oil to other power producers. In the case of Peoples Gas System, costs for purchased gas and pipeline capacity are recovered through retail customers' bills, but increases in gas costs affect total retail prices and therefore the competitive position of Peoples Gas System relative to electricity, other forms of energy and other gas suppliers.

WE MAY BE UNABLE TO SUCCESSFULLY COMPLETE CURRENT AND FUTURE PROJECTS ON SCHEDULE AND WITHIN BUDGET.

Tampa Electric currently has new power generating facilities under construction. The construction of these facilities, as well as future construction projects, involves risks of shortages and inconsistent qualities of equipment, material and labor, engineering problems, work stoppages, unanticipated cost increases, and environmental or geological problems. Any of these events could delay a project's construction schedule or increase its costs.

WE MAY BE UNABLE TO RAISE ADDITIONAL CAPITAL TO FUND OUR COMMITMENTS.

Tampa Electric currently has new power generating facilities under construction. Our forecasts reflect the expectation that we will have access to the capital markets on satisfactory terms to fund commitments, including our construction projects. Our ability to raise additional capital may be adversely impacted by changes in our credit ratings and those of our affiliated companies and by prevailing conditions in the capital markets. We rely on capital contributions from our parent, TECO Energy, during construction cycles and, therefore, any decline in its ability to access the capital markets on satisfactory terms, or at all, could adversely affect our ability to fund our commitments or require us to raise additional capital.

OUR CREDIT RATINGS MAY BE ADVERSELY IMPACTED BY DISTRIBUTIONS TO OUR PARENT, TECO ENERGY.

We may from time to time make distributions to our parent holding company, TECO Energy. These distributions may be funded by our operations or by the incurrence of additional indebtedness. Our credit ratings may be adversely impacted if we incur additional indebtedness to make such distributions. These distributions are effectively limited by several existing agreements. Our first mortgage bond indenture and some long-term debt agreements associated with our Peoples Gas division contain restrictions that limit the payment of dividends on our common stock, which is held solely by TECO Energy. In addition, our ability to incur additional indebtedness is limited by our bank credit agreement, which requires that we maintain a total debt to capital ratio (as defined in the agreement) of not greater than 65% as of the end of each fiscal quarter. Although the distributions we may make to TECO Energy are not directly limited by the Florida Public Service Commission (FPSC), which regulates us as a public utility, they are indirectly limited by our need to obtain annual FPSC approval to issue and sell securities. Under our FPSC authorization for 2002, our remaining authorization for long-term securities issuance is approximately $728 million. This amount will be reduced by the principal amount of this note issuance. The FPSC authorization also limits our short-term indebtedness outstanding at any time to $500 million or less. At August 16, 2002, we had approximately $286 million of short-term indebtedness outstanding.

CHANGES IN THE ENVIRONMENTAL LAWS AND REGULATIONS TO WHICH WE ARE SUBJECT COULD INCREASE OUR COSTS OR CURTAIL OUR ACTIVITIES.

We are subject to regulation by various governmental authorities dealing with air, water and other environmental matters. Changes in compliance requirements or the interpretation by governmental authorities of existing requirements may impose additional costs on us or require us to curtail some of our businesses' activities.

PROBLEMS WITH OPERATIONS COULD CAUSE US TO INCUR SUBSTANTIAL COSTS.

Tampa Electric and Peoples Gas System are subject to various operational risks, including accidents or equipment breakdown or failure and operations below expected levels of performance or efficiency. As

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an operator of power generation facilities, Tampa Electric could incur problems such as the breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes which would result in performance below assumed levels of output or efficiency. Our forecast assumes normal operations and normal maintenance periods for our facilities.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated.

<Table>
<Caption>

	SIX MONTHS ENDED JUNE 30, 2002	TWELVE MONTHS ENDED JUNE 30, 2002	YEAR ENDED DECEMBER 31, 2001	2000	1999(1)	1998(2)	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges	4.59x	4.62x	4.41x	4.14x	3.82x	4.51x	4.38x

</Table>

For the purposes of calculating these ratios, 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.

---

(1) Includes the effect of other non-operating pretax items totaling $18.3 million recorded in the third and fourth quarters of 1999. Charges consisted of the following: $10.5 million recorded based on Florida Public Service Commission audits of Tampa Electric Company's 1997 and 1998 earnings which limited Tampa Electric Company's equity ratio to 58.7 percent; $3.5 million to resolve litigation filed by the U.S. Environmental Protection Agency; and $4.3 million for corporate income tax settlements related to prior years' tax returns. The effect of these items was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61 for the year ended December 31, 1999.

(2) Includes the effect of other non-operating pretax items totaling $16.9 million, as more fully explained in Note I to Item 8, Financial Statements and Supplementary Data of the Company's Annual Report on Form 10-K for the year ended December 31, 1998. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66 for the year ended December 31, 1998.

CAPITALIZATION

The following table summarizes the historical capitalization of Tampa Electric Company at June 30, 2002 and its capitalization as adjusted to reflect the issuance and sale of notes contemplated by this prospectus supplement based on estimated net proceeds of $ and our application of the net proceeds in the manner described in "Use of Proceeds."

<Table>
<Caption>

	JUNE 30, 2002	
	ACTUAL AMOUNTS	AS ADJUSTED
	($ IN MILLIONS)	
<S>	<C>	<C>
Cash and cash equivalents	$ 2.9	$
Restricted cash(1)	146.3	
Short-term debt	281.2	
Long-term debt due within one year	377.7	
Long-term debt, less amount due within one year(2)	804.9	
Total debt	1,463.8	
Common equity	1,829.9	
Total capitalization	$3,293.7	$

</Table>

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(1) Cash restricted for the redemption of long-term debt in July and August 2002, all of which was used to pay off $147 million of long-term debt.

(2) Includes $150 million of first mortgage bonds, which are secured by some of our assets.

USE OF PROCEEDS

We estimate that the net proceeds (after deducting underwriting discounts and commissions and estimated offering expenses) from the offering of the % Notes due will be approximately $. We expect to use the net proceeds from the offering of the notes to repay maturing long term debt, to repay commercial paper and for general corporate purposes. We will use $150 million of the proceeds from this offering to repay resettable put bonds with an initial coupon rate of 7.375% which must be repurchased or remarketed on September 1, 2002. Pending such uses, we will invest the net proceeds in short-term money market instruments. At August 16, 2002, we had $285.8 million of commercial paper outstanding with various remaining days until maturity of 7 days or less and with interest rates ranging from 1.84% to 1.86%.

DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes that we are offering supplements the description of the general terms of the debt securities under the caption "Description of Debt Securities" in the accompanying prospectus.

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 dated as of July 1, 1998, as amended and supplemented by the fourth supplemental indenture thereto between us and The Bank of New York, as trustee, which has been filed with the SEC 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.

For purposes of the following description, unless otherwise indicated, a business day is 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 aggregate principal amount of the notes offered under this prospectus is $. The notes will mature on , .

The notes will bear interest at % per year (computed based on a 360-day year consisting of twelve 30-day months) for the period from to, but excluding, . Interest on the notes will be payable semi-annually on and of each year, commencing , 200 . Interest payments will be made to the persons in whose names the notes are registered on the 15th calendar day (whether or not a business day) immediately preceding the related interest payment date.

The notes do not have a sinking fund. We may, without the consent of the holders of the notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms, and the same CUSIP number, as the notes. Any additional notes having such similar terms, together with the notes, may constitute a single series of notes under the indenture.

RANKING

The notes will be our unsubordinated and unsecured obligations and will rank equally in right of payment with all of our other unsubordinated and unsecured indebtedness. The notes will not limit other indebtedness or securities that we or any of our subsidiaries may incur or issue or contain financial or similar restrictions on us or any of our subsidiaries. The notes will be effectively subordinated to our

secured indebtedness to the extent of the collateral securing those obligations. Holders of secured indebtedness will have prior claim to those of our assets that constitute their collateral in the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding. As a result, you may receive less, ratably, than holders of secured indebtedness.

FORM

The notes will be issued in fully registered form, without coupons, in minimum denominations of $1,000 or integral multiples of $1,000 in excess thereof. The notes will be initially issued as global securities. See "-- Book-Entry, Delivery and Form" below for additional information concerning the notes and the book-entry system. The Depository Trust Company (DTC) 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 DTC'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. We will make all payments of principal and interest in immediately available funds to DTC in The City of New York.

OPTIONAL REDEMPTION

The notes are redeemable, in whole or in part, at any time, and at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the notes then outstanding to be redeemed, or

- the sum of the present values of the remaining scheduled payments of principal and interest on the notes then outstanding to be redeemed (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis (computed based on a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus basis points (0. %), as calculated by an Independent Investment Banker,

plus, in both of the above cases, accrued and unpaid interest thereon to the redemption date.

We will mail a notice of redemption at least 30 days, but no more than 60 days, before the redemption date to each holder of notes to be redeemed. If we elect to partially redeem the notes, the trustee will select in a fair and appropriate manner the notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

"Adjusted Treasury Rate" means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, as defined below, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Adjusted Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate will be calculated on the third business day preceding the redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes (the "Remaining Life").

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if an Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means any of Salomon Smith Barney Inc., Barclays Capital Inc. or J.P. Morgan Securities Inc. or any of their respective successors, as designated by us, or if those firms are unwilling or unable to serve as such, an independent investment and banking institution of national standing appointed by us.

"Reference Treasury Dealer" means:

- Salomon Smith Barney Inc., Barclays Capital Inc., J.P. Morgan Securities Inc. and each of their respective successors; provided that if any of them ceases to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute another Primary Treasury Dealer; and

- up to two other Primary Treasury Dealers selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to an Independent Investment Banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

BOOK-ENTRY, DELIVERY AND FORM

The notes will be issued in the form of one or more securities in global form. Each global security will be deposited on the date of the closing of the sale of the notes with, or on behalf of DTC, and registered in the name of Cede & Co., as DTC's nominee.

DTC is a limited-purpose trust company created to hold securities for its participants and to facilitate the clearance and settlement of transactions in those securities between those participants through electronic book-entry changes in accounts of the participants. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (referred to as the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interest and transfer of ownership interest of each actual purchaser of each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

We expect that under procedures established by DTC, (1) upon deposit of the global securities, DTC will credit the accounts of participants designated by the underwriters with portions of the principal amount of the global securities and (2) ownership of such interests in the global securities will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the global securities).

Investors in the global securities may hold their interests directly through DTC if they are participants in that system, or indirectly through organizations which are participants in that system. All interests in a global security may be subject to the procedures and requirements of DTC. The laws of some states require that some persons take physical delivery in certificated form of securities that they own. Consequently, the ability to transfer beneficial interests in a global security to those persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants and some banks, the ability of a person with beneficial interests in a global security to pledge that interest to persons that do not participate in the DTC system, or to take other actions regarding that interest, may be affected by the lack of a physical certificate evidencing those interests.

Except as described below, owners of interests in the global securities will not have notes registered in their name, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders of notes for any purpose.

Payments on the global securities registered in the name of DTC or its nominee will be payable by the trustee to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the trustee will treat the persons in whose names the notes, including the global securities, are registered, as the owners for the purpose of receiving those payments and for any and all other purposes.

Consequently, neither the trustee nor any agent of the trustee has or will have any responsibility or liability for:

- any aspect of DTC's records or any participant's or indirect participant's records relating to, or payments made on account of beneficial ownership interests in the, global security or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global security, or

- any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC's current practice, upon receipt of any payment on securities such as the notes, is to credit the accounts of the relevant participants with the payment on the payment date, in amounts proportionate to their respective holdings in principal amounts of beneficial interests in the relevant security as shown on the records of DTC unless DTC has reason to believe it will not receive payment on the payment date. Payments by the participants and the indirect participants to the beneficial owners of the notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

DTC will take any action permitted to be taken by a holder of the notes only at the direction of one or more participants to whose account with DTC interests in the global securities are credited and only in respect of such portion of the notes as to which the participant or participants has or have given such direction. However, if there is an event of default, as defined in the indenture, with respect to the notes, DTC reserves the right to exchange the global securities for notes in certificated form and to distribute the notes to its participants.

A global security is exchangeable for notes in registered certificated form if:

- DTC notifies us that it is unwilling or unable to continue as clearing agency for the global securities or has ceased to be a clearing agency registered under the Securities Exchange Act of 1934 and we fail to appoint a successor clearing agency,

- we in our sole discretion elect to cause the issuance of definitive certificated notes, or

- there has occurred and is continuing an event of default under the indenture.

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The information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be reliable, but we have not independently determined the accuracy thereof. We will not have any responsibility for the performance by DTC or its participants of their obligations under the rules and procedures governing their operations.

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UNDERWRITING

Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc. are acting as joint book-running managers of the offering and are acting as representatives of the underwriters named below. Subject to the terms and conditions specified in an underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of the notes set forth opposite the underwriter's name below.

<Table>
<Caption>

UNDERWRITERS	PRINCIPAL AMOUNT OF NOTES
<S>	<C>
Salomon Smith Barney Inc.	$
Barclays Capital Inc.	
J.P. Morgan Securities Inc.	
Credit Lyonnais Securities (USA) Inc.	
Mizuho International plc	
SG Cowen Securities Corporation	
SunTrust Capital Markets, Inc.	
TD Securities (USA) Inc.	
Westdeutsche Landesbank Girozentrale	
Total	$

</Table>

The underwriting agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all of the notes if they purchase any of the notes.

The underwriters propose to offer the notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the notes to dealers at the public offering price less a concession not to exceed 0. % of the principal amount of the notes. The underwriters may allow and the dealers may reallow a concession not to exceed 0. % of the principal amount of the notes on sales to other dealers. After the initial public offering, the representatives may change the public offering price and concessions.

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. The underwriters have advised us that they intend to make a market in the notes after the offering, although they are under no obligation to do so. The underwriters may discontinue any market-making activities at any time without any notice. We can give no assurance as to the liquidity of the trading market for the notes or that a public trading market for the notes will develop. If no active public trading market develops, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on factors such as prevailing interest rates, the market for similar securities and our performance, as well as other factors not listed here.

J.P. Morgan Securities Inc. will make the securities available for distribution on the Internet through a proprietary web site and/or a third-party system operated by Market Axess Inc., an Internet-based communications technology provider. Market Axess Inc. is providing the system as a conduit for communications between JPMorgan and its customers and is not a party to any transactions. Market Axess Inc., a registered broker-dealer, will receive compensation from JPMorgan based on transactions JPMorgan conducts through the system. JPMorgan will make the securities available to its customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

In connection with the offering, the underwriters, as well as the dealers and agents, may purchase and sell the notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of notes in excess of the

principal amount of notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the underwriting syndicate, in covering syndicate short positions or making stabilizing purchases, repurchases notes originally sold by that syndicate member.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We and the underwriters make no 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, we and the underwriters make no representation that the underwriters will engage in those types of transactions or that those transactions, once commenced, will not be discontinued without notice.

The underwriters, and some of their affiliates, have performed investment banking, financial advisory, commercial banking and other services for us and our affiliates from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of business, for which they may receive customary fees in connection with those services.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

LEGAL MATTERS

Palmer & Dodge LLP, Boston, Massachusetts will pass upon the validity of the notes offered hereby. Certain matters will be passed upon for the underwriters by Ropes & Gray.

PROSPECTUS

TAMPA ELECTRIC COMPANY

DEBT SECURITIES

We plan to offer debt securities to the public from time to time.

We may offer the debt securities as separate series, in amounts, prices and on terms determined at the time of the sale. When we offer debt securities, we will provide a prospectus supplement or a term sheet describing the terms of the specific issue, including the offering price of the securities. YOU SHOULD READ THIS PROSPECTUS AND THE PROSPECTUS SUPPLEMENT OR THE TERM SHEET, TOGETHER WITH THE ADDITIONAL INFORMATION DESCRIBED UNDER THE HEADING "WHERE YOU CAN FIND MORE INFORMATION" BEGINNING ON PAGE 9 OF THIS PROSPECTUS, BEFORE YOU MAKE YOUR INVESTMENT DECISION.

We will sell the debt securities to underwriters or dealers, through agents, or directly to investors.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS PROSPECTUS MAY NOT BE USED TO SELL SECURITIES UNLESS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT.

The date of this prospectus is July 19, 2002

Tampa Electric Company - 702 North Franklin Street - Tampa, Florida 33602 - (813) 228-4111

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a "shelf" registration process. Under the shelf process, we may, from time to time, issue and sell to the public any amount of the debt securities described in the registration statement in one or more offerings up to a total dollar amount of $950,000,000.

RISK FACTORS

For each series of debt securities, we will include risk factors, if appropriate, in a prospectus supplement or term sheet relating to that series. You should also consider the "Investment Considerations" included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2001 of our parent, TECO Energy, Inc., as the same may be amended, supplemented or superseded from time to time by future filings under the Securities Exchange Act of 1934.

FORWARD LOOKING STATEMENTS

This prospectus, any prospectus supplement or term sheet, and the documents we have incorporated by reference may contain forward-looking statements. Such statements relate to future events or our future financial performance. We use words such as "anticipate," "believe," "expect," "intend," "may," "project," "will" or other similar words to identify forward-looking statements.

Without limiting the foregoing, any statements relating to our:

- anticipated capital expenditures;
- future cash flows and borrowings;
- potential future merger opportunities; and
- sources of funding

are forward-looking statements. These forward-looking statements are based on numerous assumptions that we believe are reasonable, but they are open to a wide range of uncertainties and business risks and actual results may differ materially from those discussed in these statements.

Among the factors that could cause actual results to differ materially are:

- general economic conditions, particularly those affecting energy sales in our service area;
- variations in weather conditions affecting energy sales and operating costs;
- potential competitive changes in the electric and gas industries, particularly in the area of retail competition;
- changes in environmental regulation that may impose additional costs or curtail some of our activities;
- federal and state regulatory initiatives that increase competition or costs, threaten investment recovery, or impact rate structure;
- available sources and costs of commodities;
- interest rates, market conditions and other factors that could impact our ability to obtain access to sufficient capital on satisfactory terms; and
- restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow or make payments on subordinated debt.

When considering forward-looking statements, you should keep in mind the cautionary statements in this prospectus, any prospectus supplement or term sheet and the documents incorporated by reference.

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THE COMPANY

We are a public utility company that is a wholly-owned subsidiary of TECO Energy, Inc., a diversified energy-related holding company. We generate, purchase, transmit, distribute and sell electric energy for customers within west central Florida and, through our Peoples Gas System division, purchase, distribute and sell natural gas for customers throughout Florida. You can find a more complete description of our business and our recent activities in the documents listed under "WHERE YOU CAN FIND MORE INFORMATION." The address of our principal executive office is 702 North Franklin Street, Tampa, Florida 33602, and our telephone number is (813) 228-4111.

RATIO OF EARNINGS TO FIXED CHARGES

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

<Table>
<Caption>

	PERIODS ENDED MARCH 31, 2002		YEAR ENDED DECEMBER 31,				
$ MILLIONS	3 MONTHS	12 MONTHS	2001	2000	1999	1998	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	4.51x	4.57x	4.41x	4.14x	3.82x(1)	4.51x(2)	4.38x

</Table>

For the purposes of calculating these ratios, 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 one-time, pretax charges totaling $18.3 million recorded in the third and fourth quarters of 1999. Charges consisted of the following: $10.5 million recorded based on Florida Public Service Commission audits of our 1997 and 1998 earnings which limited our equity ratio to 58.7 percent; $3.5 million to resolve litigation filed by the U.S. Environmental Protection Agency; and $4.3 million for corporate income tax settlements related to prior years' tax returns. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61x for the fiscal year ended December 31, 1999.

(2) Includes the effect of one-time, pretax charges totaling $16.9 million, as more fully explained in Note I to Item 8, Financial Statements and Supplementary Data of our Annual Report on Form 10-K for the 1998 fiscal year. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66x for the fiscal year ended December 31, 1998.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of the debt securities for general corporate purposes, which may include capital expenditures, investment in subsidiaries, working capital, repayment of debt and other business opportunities.

DESCRIPTION OF DEBT SECURITIES

The debt securities will be unsecured and, unless indicated otherwise in the applicable prospectus supplement or term sheet, will rank on parity with all our other unsecured and unsubordinated indebtedness. We will issue debt securities in one or more series under an indenture dated as of July 1, 1998 between us and The Bank of New York, as trustee. We filed the indenture as an exhibit to our registration statement on Form S-3 dated July 13, 1998. The following description of the terms of the debt securities summarizes only the material terms of the debt securities. The description is not complete and we refer you to the indenture, which we incorporate by reference.

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GENERAL

The indenture does not limit the aggregate principal amount of the debt securities or of any particular series of debt securities that we may issue under it. We are not required to issue debt securities of any series at the same time nor must the debt securities within any series bear interest at the same rate or mature on the same date.

Each time that we issue a new series of debt securities, the prospectus supplement or term sheet relating to that new series will describe the particular amount, price and other terms of those debt securities. These terms may include:

- the title of the debt securities;
- any limit on the total principal amount of the debt securities;
- the date or dates on which the principal of the debt securities will be payable or the method by which such date or dates will be determined;
- the rate or rates at which the 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;
- the date or dates on which any such interest will be payable and the record dates, if any, for any such interest payments;
- if applicable, whether we may extend the interest payment periods and, if so, the permitted duration of any such extensions;
- the place or places where the principal of and interest on the debt securities will be payable;
- any obligation we may have to redeem or purchase the debt securities pursuant to any sinking fund, purchase fund or similar provision or at the option of the holder and the terms and conditions on which the debt securities may be redeemed or purchased pursuant to an obligation;
- the denominations in which we will issue the debt securities, if other than denominations of $1,000;
- the terms and conditions, if any, on which we may redeem the debt securities;
- the currency, currencies or currency units in which we will pay the principal of and any premium and interest on the debt securities, if other than U.S. dollars, and the manner of determining the equivalent in U.S. dollars;
- whether we will issue any debt securities in whole or in part in the form of one or more global securities and, if so, the identity of the depositary for the 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;"
- any addition to, change in or deletion from the events of default or covenants described in this prospectus with respect to the debt securities and any change in the right of the trustee or the holders to declare the principal amount of the debt securities due and payable;
- any index or formula used to determine the amount of principal of or any premium or interest on the debt securities and the manner of determining any such amounts;
- any subordination of the debt securities to any other indebtedness of the Company; and
- other material terms of the debt securities.

Unless the prospectus supplement or term sheet relating to the issuance of a series of debt securities indicates otherwise, the debt securities will have the following characteristics:

We will issue debt securities only in fully registered form, without coupons and in denominations of $1,000 or multiples of $1,000. We will not charge a service fee for the registration, transfer or exchange of

debt securities, but we may require a payment sufficient to cover any tax or other governmental charge payable in connection with registration, transfer or exchange.

The principal of, and any premium and interest on, any debt securities will be payable at the corporate trust office of The Bank of New York in New York, New York. Debt securities will be exchangeable and transfers thereof will be registrable at this corporate trust office. Payment of any interest due on any debt security will be made to the person in whose name the debt security is registered at the close of business on the regular record date for interest.

We will have the right to redeem the debt securities only upon written notice mailed between 30 and 60 days prior to the redemption date.

If we plan to redeem the debt securities, before the redemption occurs we are not required to:

- issue, register the transfer of, or exchange any debt security of that series during the period beginning 15 days before we mail the notice of redemption and ending on the day we mail the notice; or

- after we mail the notice of redemption, register the transfer of or exchange any debt security selected for redemption, except if we are only redeeming a part of a debt security, we are required to register the transfer of or exchange the unredeemed portion of the debt security if the holder so requests.

We may offer and sell debt securities at a substantial discount below their principal amount. We will describe any applicable special federal income tax and other considerations, if any, in the relevant prospectus supplement or term sheet. We may also describe in the relevant prospectus supplement or term sheet 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.

The debt securities do not provide special protection in the event we are involved in a highly leveraged transaction.

GLOBAL SECURITIES

If we decide to issue debt securities in the form of one or more global securities, then we will register the global securities in the name of the depositary for the global securities or the nominee of the depositary and the global securities will be delivered by the trustee to the depositary for credit to the accounts of the holders of beneficial interests in the debt securities.

The prospectus supplement or term sheet will describe the specific terms of the depositary arrangement for debt securities of a series that are issued in global form. None of our company, the trustee, any payment agent or the security registrar 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 debt security or for maintaining, supervising or reviewing any records relating to these beneficial ownership interests.

CONSOLIDATION, MERGER, ETC.

We will not consolidate or merge with or into any other corporation or other organization, or sell, convey or transfer all or substantially all of our assets to any individual or organization, unless:

- the successor is an individual or organization organized under the laws of the United States or any state thereof or the District of Columbia or, upon the effectiveness of the currently proposed amendment to the indenture, under the laws of a foreign jurisdiction and such successor consents to the jurisdiction of the courts of the United States or any state thereof;

- the successor or transferee expressly assumes our obligations under the indenture; and

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- the consolidation, merger, sale or transfer does not cause the occurrence of a default under the indenture.

Upon the assumption by the successor of our obligations under the indenture and the debt securities issued thereunder, and the satisfaction of any other conditions required by the indenture, the successor will succeed to and be substituted for us under the indenture.

MODIFICATION OF THE INDENTURE

The indenture provides that we or the trustee may modify or amend its terms with the consent of (i) the holders of not less than a majority in aggregate principal amount of the outstanding debt securities of each affected series and (ii) 66 2/3% in aggregate principal amount of the outstanding debt securities of all affected series. However, without the consent of each holder of all of the outstanding debt securities affected by that modification, we may not:

- change the date stated on the debt security on which any payment of principal or interest is stated to be due;

- reduce the principal amount or any premium or interest on, any debt security, including in the case of a discounted debt security, the amount payable upon acceleration of the maturity thereof;

- change the place of payment or currency of payment of principal of, or premium, if any, or interest on, any debt security;

- 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

- 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 some provisions of the indenture or for waiver of some defaults.

Under limited circumstances and only upon the fulfillment of conditions, we and the trustee may make modifications and amendments of the indenture without the consent of any holders of the debt securities.

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 that series;

- a default of a covenant or provision under the indenture that cannot be modified or amended without the consent of the holder of each outstanding debt security of the affected series.

EVENTS OF DEFAULT

An event of default with respect to debt securities of any series issued under the indenture is any one of the following events (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):

- we fail to pay any interest on any debt security of that series when due, and such failure has continued for 30 days;

- we fail to pay principal of or any premium on any debt security of that series when due;

- we fail to deposit any sinking fund payment in respect of any debt security of that series when due, and such failure has continued for 30 days;

- we fail to perform any other covenant 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 we receive written notice as provided in the indenture;

- events of bankruptcy, insolvency or reorganization; and

- any other event defined as an event of default with respect to debt securities of a particular series.

If an event of default with respect to any series of debt securities occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the outstanding debt securities of that series may declare the principal amount (or, if any debt securities of that series are discounted debt securities, a portion of the principal amount that the terms of the series may specify) of all debt securities of that series to be immediately due and payable. Under some circumstances, the holders of a majority in principal amount of the outstanding debt securities of that series may rescind and annul that declaration and its consequences. The prospectus supplement or term sheet relating to any series of debt securities that are discounted debt securities will specify the particular provisions relating to acceleration of a portion of the principal amount of the discounted debt securities upon the occurrence of an event of default and the continuation of the event of default.

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 trustee is not obligated to exercise any of its rights or powers under the indenture at the request or direction of any of the holders unless the holders have offered to the trustee reasonable security or indemnity. Subject to such provisions for security and indemnification of the trustee and 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.

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 limitations specified in the indenture, interest on such debt security on its stated maturity date (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any of these payments.

We must furnish to the trustee an annual statement that to the best of our knowledge we are 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 default and its status.

SATISFACTION AND DISCHARGE OF THE INDENTURE

We will have satisfied and discharged the indenture and it will cease to be in effect (except as to our obligations to compensate, reimburse and indemnify the trustee pursuant to the indenture and some other obligations) when we deposit or cause to be deposited with the trustee, in trust, an amount 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 date or earlier redemption date for debt securities that have been called for redemption).

DEFEASANCE OF DEBT SECURITIES

Unless otherwise provided in the prospectus supplement or term sheet for a series of debt securities, and subject to the terms of the indenture, we may request 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, 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 date 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 of the debt securities 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 should 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 laws.

THE TRUSTEE

The trustee is The Bank of New York, which maintains banking relationships with us in the ordinary course of business and serves as trustee under other indentures with us and some of our affiliates.

GOVERNING LAW

The indenture and the debt securities will be governed by and construed in accordance with the laws of the State of New York.

PLAN OF DISTRIBUTION

We may sell the debt securities in one or more of the following ways:

- directly to purchasers;
- to or through one or more underwriters or dealers; or
- through agents.

A prospectus supplement or term sheet with respect to a particular series of debt securities will set forth the terms of the offering of those debt securities, including the following:

- the name or names of any underwriters, dealers or agents;
- the purchase price of those debt securities and our proceeds from the sale;
- underwriting discounts and commissions; and
- any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

If we use underwriters in the sale of the debt securities, the underwriters will acquire the debt securities for their own account and they may resell them 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. Underwriting syndicates represented by one or more managing underwriters or one or more independent firms acting as underwriters may offer the debt securities to the public. In connection with the sale of the debt securities, we may compensate the underwriters in the form of underwriting discounts or commissions. The purchasers of the debt securities for whom the underwriters may act as agent may also pay them commissions. Underwriters may sell the debt securities to or through dealers, and those 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 applicable prospectus supplement or term sheet, the obligations of any underwriters to purchase the debt securities will be subject to conditions precedent, and the underwriters will be obligated to purchase all such debt securities if any are purchased.

If we use dealers in the sale of the debt securities, we will sell the debt securities to the dealers as principals. The dealer may then resell the debt securities to the public at varying prices determined by the dealer at the time of resale. The applicable prospectus supplement or term sheet will name any dealer, who may be deemed to be an underwriter, as that term is defined in the Securities Act of 1933, involved in the offer or sale of the debt securities, and set forth any commissions or discounts we grant to the dealer.

If we use agents in the sales of the debt securities, the agents may solicit offers to purchase the debt securities from time to time. The applicable prospectus supplement or term sheet will name 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, and any commissions payable by us to such agent. Any agent will be acting on a reasonable effort basis for the period of its appointment or, if indicated in the applicable prospectus supplement or term sheet, on a firm commitment basis.

We may also sell the debt securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to resales. The terms of any such sales will be described in the applicable prospectus supplement or term sheet.

If the prospectus supplement or term sheet so indicates, we will authorize agents, underwriters or dealers to solicit offers from institutions to purchase the debt securities from us at the public offering price set forth in the prospectus supplement or term sheet pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the applicable prospectus supplement or term sheet, and the prospectus supplement or term sheet will set forth the commission payable for solicitation of the contracts.

Agents, dealers and underwriters may be entitled under agreements with us to indemnification against some civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the agents, dealers or underwriters may be required to make. Agents, dealers and underwriters from time to time may engage in transactions with, or perform services for, us or our subsidiaries for customary compensation.

If indicated in the applicable prospectus supplement or term sheet, one or more firms may offer and sell the debt securities in connection with a remarketing upon their purchase, in accordance with their terms, acting as principals for their own accounts or as our agents. Any remarketing firm will be identified and the terms of its agreement, if any, with us will be described in the applicable prospectus supplement or term sheet. We may be obligated to indemnify the remarketing firm against some liabilities, including liabilities under the Securities Act. The remarketing firm from time to time may engage in transactions with or perform services for us or our subsidiaries for customary compensation.

Any underwriter may engage in over-allotment, stabilizing and syndicate short covering transactions and penalty bids in accordance with Regulation M of the Securities Exchange Act of 1934. Over-allotment involves sales in excess of the offering size, which creates a short position. Stabilizing transactions involve bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate short covering transactions involve purchases of securities in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the underwriters to reclaim selling concessions from dealers when the securities originally sold by the dealers are purchased in covering transactions to cover syndicate short positions. These transactions may cause the price of the debt securities sold in an offering to be higher than it would otherwise be. These transactions, if commenced, may be discontinued by the underwriters at any time.

Any debt securities will be a new issue of securities with no established trading market. We cannot assure you that there will be a market for the debt securities of any particular series or, that, if a market does develop, it will continue to provide holders of those debt securities with liquidity for their investment or will continue for the duration the debt securities are outstanding.

The prospectus supplement or term sheet relating to each offering will set forth the anticipated date of delivery of the debt securities.

LEGAL MATTERS

Palmer & Dodge LLP, Boston, Massachusetts will pass upon the validity of the debt securities for us.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K of Tampa Electric Company for the year ended December 31, 2001 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent certified public accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any of these documents at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC's web site at http://www.sec.gov. Copies of certain information filed by us with the SEC are also available on our website at http://www.tampaelectric.com. Our website is not part of this prospectus.

We filed a registration statement on Form S-3 with the SEC covering the debt securities. For further information about us and the debt securities, you should refer to the registration statement and its exhibits. This prospectus discusses material provisions of our indenture dated July 1, 1998 between us and The Bank of New York, as trustee. Because the prospectus may not contain all the information that you may consider important, you should review the full text of the indenture and other documents we have incorporated by reference into the registration statement.

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all of the debt securities are sold:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001; and
- our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002.

You may request a copy of these filings, at no cost, by telephoning us at (813) 228-4111 or writing us at the following address:

Director of Investor Relations
Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
(813) 228-4111

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement or term sheet. We have not authorized anyone to provide you with different information. We are not making an offer of these debt securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any supplement or term sheet is accurate as of any date other than the date on the front of those documents.

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TAMPA ELECTRIC COMPANY
% NOTES DUE

[TAMPA ELECTRIC COMPANY LOGO]

PROSPECTUS SUPPLEMENT
AUGUST 20, 2002

SALOMON SMITH BARNEY
BARCLAYS CAPITAL
JPMORGAN

</TEXT>
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PROSPECTUS SUPPLEMENT
(To Prospectus dated July 19, 2002)

$550,000,000

Tampa Electric Company

5.375% Notes due August 15, 2007
6.375% Notes due August 15, 2012

We will pay interest on the notes on February 15 and August 15 of each year, beginning on February 15, 2003. We may redeem some or all of the notes from time to time. The redemption prices are described on page S-7. There is no sinking fund for the notes.

The notes will be unsecured and will rank on a parity with our other unsecured and unsubordinated indebtedness and will be effectively subordinated to our secured indebtedness.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-3.

	Price to Public[1]	Underwriting Discounts and Commissions	Proceeds to Tampa Electric Company
Per 2007 Note	99.619%	0.600%	99.019%
2007 Note Total	$149,428,500	$ 900,000	$148,528,500
Per 2012 Note	99.197%	0.650%	98.547%
2012 Note Total	$396,788,000	$2,600,000	$394,188,000
Total	$546,216,500	$3,500,000	$542,716,500

(1) Plus accrued interest, if any, from August 26, 2002.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about August 26, 2002.

Joint Book-Runners

Salomon Smith Barney | Barclays Capital | JPMorgan

Credit Lyonnais Securities | Mizuho International plc | SG Cowen

SunTrust Robinson Humphrey | TD Securities | Westdeutsche Landesbank Girozentrale

August 21, 2002

You should rely only on the information contained in, or incorporated by reference in, this prospectus supplement and the accompanying prospectus. We and the underwriters have not authorized anyone to provide you with different information. If you receive any other information, you should not rely on it. We and the underwriters are not making an offer of these securities, or soliciting an offer to buy these securities, in any state where the offer or solicitation is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

This prospectus supplement contains forward looking statements. For a description of these statements and a discussion of the factors that may cause our actual results to differ materially from these statements, see "Forward Looking Statements" in the accompanying prospectus.

In this prospectus supplement, "we," "our," "ours" and "us" refers to Tampa Electric Company, unless the context otherwise requires.

SUMMARY

This summary contains basic information that is important to you. The "Description of the Notes" section of this prospectus supplement contains more detailed information about the terms and conditions of the notes.

Tampa Electric Company

Tampa Electric Company is a wholly-owned subsidiary of TECO Energy, Inc. (TECO Energy), an electric and gas utility holding company with important unregulated activities. You can read the reports filed by TECO Energy with the SEC for more information regarding its business, operating results and financial condition. TECO Energy's SEC reports are not incorporated by reference in this prospectus supplement.

The electric division of Tampa Electric Company, referred to as Tampa Electric, provides electric energy and related services to over 588,000 residential, commercial and industrial customers in its West Central Florida service area covering approximately 2,000 square miles, including the City of Tampa and the surrounding areas. Tampa Electric has a total net winter generating capacity of 4,079 megawatts in operation, and is constructing additional capacity to serve its growing customer base. Tampa Electric is in the process of repowering an older coal-fired station to become a combined-cycle natural gas-fired facility. The repowering is expected to add 658 megawatts of generating capacity by 2004, significantly reduce emissions and enhance fuel diversity.

Peoples Gas System, a division of Tampa Electric Company, is Florida's leading provider of natural gas. With a presence in most of Florida's major metropolitan areas, it serves over 276,000 residential and commercial customers. In early 2000, it completed a major expansion to Southwest Florida to market natural gas to a previously unserved high growth area of the state. Peoples Gas System is continuing its expansion into other areas of Florida previously unserved by natural gas.

Summary Selected Historical Financial Information

The table below presents summary selected historical consolidated income statement data of Tampa Electric Company. We derived this information from the audited financial statements for the years ended December 31, 1999 through December 31, 2001 and our unaudited financial statements for the six months ended June 30, 2001 and June 30, 2002. This information is only a summary. You should read it in connection with our historical financial statements and related notes and the "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are incorporated by reference in this prospectus. See "Where You Can Find More Information" on page 9 of the accompanying prospectus.

	Six Months Ended June 30,		Year Ended December 31,		
	2002	2001	2001	2000	1999
			($ in millions)		
Revenues	$921.3	$911.0	$1,764.7	$1,667.4	$1,458.8
Operating income	120.0	117.5	241.5	244.8	233.4
Interest expense[1]	39.0	39.5	77.7	80.8	77.9
Net income	$ 95.6	$ 83.3	$ 177.1	$ 166.3	$ 144.9

(1) Interest expense in 1999 included a $12.7 million charge for income tax settlements and provisions.

The Offering

Notes Offered	Aggregate principal amount: $550,000,000 in two series.
2007 Notes	Aggregate Principal Amount: $150,000,000. Interest rate: 5.375% per year. Maturity date: August 15, 2007.
2012 Notes	Aggregate Principal Amount: $400,000,000. Interest rate: 6.375% per year. Maturity date: August 15, 2012.
Interest Payment Dates	February 15 and August 15, commencing on February 15, 2003. Interest payments will be made to the persons in whose names the notes are registered on the 15th calendar day immediately preceding the applicable interest payment date.
Denominations	$1,000 with integral multiples of $1,000.
Optional Redemption	The notes will be redeemable, at our option, in whole or in part at any time, at the redemption prices described in "Description of the Notes — Optional Redemption."
Ranking	The notes will be unsecured and will rank on a parity with our other unsecured and unsubordinated indebtedness and will be effectively subordinated to our secured indebtedness.
Use of Proceeds	We will use the net proceeds to repay maturing long term debt, to repay commercial paper and for general corporate purposes. Pending such uses, we will invest the net proceeds in short-term money market instruments.
Additional Issuances	We may, without the consent of the holders of the notes, issue additional notes of either series having the same ranking and the same interest rate, maturity and other terms as those notes. Any additional notes of either series having such similar terms, together with those notes of the respective series, may constitute a single series of those notes under the indenture.
Form	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 (DTC). Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants.
Trustee	The Bank of New York.

RISK FACTORS

In deciding whether to purchase the notes, you should consider carefully the following factors that could cause our operating results and financial condition to be materially adversely affected. You should also consider the "Investment Considerations" included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2001 of our parent, TECO Energy, as updated by its filings with the SEC. TECO Energy's SEC reports are not incorporated by reference in this prospectus supplement.

General economic conditions may adversely affect our business.

Our business is affected by general economic conditions. In particular, the projected growth of our service area in Florida is important to the realization of our forecasts for annual energy sales growth. An unanticipated downturn in the local area's or Florida's economy could adversely affect our expected performance. As a result, actual results may differ from those forecast.

Our business is sensitive to variations in weather.

Our business is affected by variations in general weather conditions and unusually severe weather. Our energy sales are particularly sensitive to variations in weather conditions. We forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have a material impact on energy sales. Unusual weather, such as hurricanes, could adversely affect operating costs and sales. Peoples Gas System, with a single winter peak period, is more weather sensitive than Tampa Electric, with both summer and winter peak periods. Mild winter weather in Florida can be expected to negatively impact results at Peoples Gas System.

Potential competitive changes may adversely affect our gas and electricity businesses.

The U.S. electric power industry has been undergoing restructuring. Competition in wholesale power sales has been introduced on a national level. Some states have mandated or encouraged competition at the retail level and, in some situations, required divestiture of generating assets. While there is active wholesale competition in Florida, the retail electric business has remained substantially free from direct competition. Changes in the competitive environment occasioned by legislation, regulation, market conditions or initiatives of other electric power providers, particularly with respect to retail competition, could adversely affect Tampa Electric's business and its performance. The gas distribution industry has been subject to competitive forces for several years. Gas services provided by Peoples Gas System are now unbundled for all non-residential customers. Because Peoples Gas System earns margins on distribution of gas, but not on the commodity itself, unbundling has not negatively impacted Peoples Gas System results. However, future structural changes that we cannot predict could adversely affect Peoples Gas System.

Our businesses are highly regulated and any changes in regulatory structures could lower revenues or increase costs or competition.

Tampa Electric and Peoples Gas System operate in highly regulated industries. Their retail operations, including the prices charged, are regulated by the Florida Public Service Commission, and Tampa Electric's wholesale power sales and transmission services are subject to regulation by the Federal Energy Regulatory Commission. Changes in regulatory requirements or adverse regulatory actions could have an adverse effect on Tampa Electric's or Peoples Gas System's performance by, for example, increasing competition or costs, threatening investment recovery or impacting rate structure.

Commodity price changes may affect the operating costs and competitive positions of our businesses.

Tampa Electric and Peoples Gas System are sensitive to changes in coal, gas, oil and other commodity prices. Any changes could affect the prices these businesses charge, their operating costs and the competitive position of their products and services. In the case of Tampa Electric, currently fuel costs used for generation are mostly affected by the cost of coal. Future fuel costs will be impacted by the cost of natural gas as well as coal. Tampa Electric is able to recover the cost of fuel through retail customers'

bills, but increases in fuel costs affect electric prices and, therefore, the competitive position of electricity against other energy sources. Regarding wholesale sales of electricity, the ability to make sales and margins on power sales are currently affected by the cost of coal to Tampa Electric, particularly as it relates to the cost of gas and oil to other power producers. In the case of Peoples Gas System, costs for purchased gas and pipeline capacity are recovered through retail customers' bills, but increases in gas costs affect total retail prices and therefore the competitive position of Peoples Gas System relative to electricity, other forms of energy and other gas suppliers.

We may be unable to successfully complete current and future projects on schedule and within budget.

Tampa Electric currently has new power generating facilities under construction. The construction of these facilities, as well as future construction projects, involves risks of shortages and inconsistent qualities of equipment, material and labor, engineering problems, work stoppages, unanticipated cost increases, and environmental or geological problems. Any of these events could delay a project's construction schedule or increase its costs.

We may be unable to raise additional capital to fund our commitments.

Tampa Electric currently has new power generating facilities under construction. Our forecasts reflect the expectation that we will have access to the capital markets on satisfactory terms to fund commitments, including our construction projects. Our ability to raise additional capital may be adversely impacted by changes in our credit ratings and those of our affiliated companies and by prevailing conditions in the capital markets. We rely on capital contributions from our parent, TECO Energy, during construction cycles and, therefore, any decline in its ability to access the capital markets on satisfactory terms, or at all, could adversely affect our ability to fund our commitments or require us to raise additional capital.

Our credit ratings may be adversely impacted by distributions to our parent, TECO Energy.

We may from time to time make distributions to our parent holding company, TECO Energy. These distributions may be funded by our operations or by the incurrence of additional indebtedness. Our credit ratings may be adversely impacted if we incur additional indebtedness to make such distributions. These distributions are effectively limited by several existing agreements. Our first mortgage bond indenture and some long-term debt agreements associated with our Peoples Gas division contain restrictions that limit the payment of dividends on our common stock, which is held solely by TECO Energy. In addition, our ability to incur additional indebtedness is limited by our bank credit agreement, which requires that we maintain a total debt to capital ratio (as defined in the agreement) of not greater than 65% as of the end of each fiscal quarter. Although the distributions we may make to TECO Energy are not directly limited by the Florida Public Service Commission (FPSC), which regulates us as a public utility, they are indirectly limited by our need to obtain annual FPSC approval to issue and sell securities. Under our FPSC authorization for 2002, our remaining authorization for long-term securities issuance is approximately $728 million. This amount will be reduced by the principal amount of this note issuance. The FPSC authorization also limits our short-term indebtedness outstanding at any time to $500 million or less. At August 16, 2002, we had approximately $286 million of short-term indebtedness outstanding.

Changes in the environmental laws and regulations to which we are subject could increase our costs or curtail our activities.

We are subject to regulation by various governmental authorities dealing with air, water and other environmental matters. Changes in compliance requirements or the interpretation by governmental authorities of existing requirements may impose additional costs on us or require us to curtail some of our businesses' activities.

Problems with operations could cause us to incur substantial costs.

Tampa Electric and Peoples Gas System are subject to various operational risks, including accidents or equipment breakdown or failure and operations below expected levels of performance or efficiency. As

an operator of power generation facilities, Tampa Electric could incur problems such as the breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes which would result in performance below assumed levels of output or efficiency. Our forecast assumes normal operations and normal maintenance periods for our facilities.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated.

	Six Months Ended June 30, 2002	Twelve Months Ended June 30, 2002	Year Ended December 31,				
			2001	2000	1999[1]	1998[2]	1997
Ratio of earnings to fixed charges	4.59x	4.62x	4.41x	4.14x	3.82x	4.51x	4.38x

For the purposes of calculating these ratios, 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.

(1) Includes the effect of other non-operating pretax items totaling $18.3 million recorded in the third and fourth quarters of 1999. Charges consisted of the following: $10.5 million recorded based on Florida Public Service Commission audits of Tampa Electric Company's 1997 and 1998 earnings which limited Tampa Electric Company's equity ratio to 58.7 percent; $3.5 million to resolve litigation filed by the U.S. Environmental Protection Agency; and $4.3 million for corporate income tax settlements related to prior years' tax returns. The effect of these items was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61 for the year ended December 31, 1999.

(2) Includes the effect of other non-operating pretax items totaling $16.9 million, as more fully explained in Note I to Item 8, Financial Statements and Supplementary Data of the Company's Annual Report on Form 10-K for the year ended December 31, 1998. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66 for the year ended December 31, 1998.

CAPITALIZATION

The following table summarizes the historical capitalization of Tampa Electric Company at June 30, 2002 and its capitalization as adjusted to reflect the issuance and sale of notes contemplated by this prospectus supplement based on estimated net proceeds of $542.3 million and our application of the net proceeds in the manner described in "Use of Proceeds."

	June 30, 2002	
	Actual Amounts	As Adjusted
	($ in millions)	
Cash and cash equivalents	$ 2.9	$ 114.0
Restricted cash[1]	146.3	146.3
Short-term debt	281.2	0.0
Long-term debt due within one year	377.7	227.7
Long-term debt, less amount due within one year[2]	804.9	1,354.9
Total debt	1,463.8	1,582.6
Common equity	1,829.9	1,829.9
Total capitalization	$3,293.7	$3,412.5

(1) Cash restricted for the redemption of long-term debt in July and August 2002, all of which was used to pay off $147 million of long-term debt.

(2) Includes $150 million of first mortgage bonds, which are secured by some of our assets.

USE OF PROCEEDS

We estimate that the net proceeds (after deducting underwriting discounts and commissions and estimated offering expenses) from the offering of the 5.375% Notes due 2007 and the 6.375% Notes due 2012 will be approximately $542.3 million. We expect to use the net proceeds from the offering of the notes to repay maturing long term debt, to repay commercial paper and for general corporate purposes. We will use $150 million of the proceeds from this offering to repay resettable put bonds with an initial coupon rate of 7.375% which must be repurchased or remarketed on September 1, 2002. Pending such uses, we will invest the net proceeds in short-term money market instruments. At August 16, 2002, we had $285.8 million of commercial paper outstanding with various remaining days until maturity of 7 days or less and with interest rates ranging from 1.84% to 1.86%.

DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes that we are offering supplements the description of the general terms of the debt securities under the caption "Description of Debt Securities" in the accompanying prospectus.

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 dated as of July 1, 1998, as amended and supplemented by the fourth supplemental indenture thereto between us and The Bank of New York, as trustee, which has been filed with the SEC 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.

For purposes of the following description, unless otherwise indicated, a business day is 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 aggregate principal amount of the notes offered under this prospectus is $550,000,000. The aggregate principal amount of the 5.375% Notes due 2007 is $150,000,000. The aggregate principal amount of the 6.375% Notes due 2012 is $400,000,000. The 5.375% Notes due 2007 will mature on August 15, 2007. The 6.375% Notes due 2012 will mature on August 15, 2012.

The 2007 Notes will bear interest at the rate of 5.375% per year (computed based on a 360-day year consisting of twelve 30-day months) for the period from August 26, 2002 to, but excluding, August 15, 2007.

The 2012 Notes will bear interest at the rate of 6.375% per year (computed based on a 360-day year consisting of twelve 30-day months) for the period from August 26, 2002 to, but excluding, August 15, 2012.

Interest on the notes will be payable semi-annually on February 15 and August 15 of each year, commencing February 15, 2003. Interest payments will be made to the persons in whose names the notes are registered on the 15th calendar day (whether or not a business day) immediately preceding the related interest payment date.

The notes do not have a sinking fund. We may, without the consent of the holders of the notes, issue additional notes of either series having the same ranking and the same interest rate, maturity and other terms, and the same CUSIP number, as those notes. Any additional notes of either series having such similar terms, together with those notes of the respective series, may constitute a single series of those notes under the indenture.

Ranking

The notes will be our unsubordinated and unsecured obligations and will rank equally in right of payment with all of our other unsubordinated and unsecured indebtedness. The notes will not limit other indebtedness or securities that we or any of our subsidiaries may incur or issue or contain financial or similar restrictions on us or any of our subsidiaries. The notes will be effectively subordinated to our secured indebtedness to the extent of the collateral securing those obligations. Holders of secured indebtedness will have prior claim to those of our assets that constitute their collateral in the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding. As a result, you may receive less, ratably, than holders of secured indebtedness.

Form

Each series of notes will be issued in fully registered form, without coupons, in minimum denominations of $1,000 or integral multiples of $1,000 in excess thereof. The notes will be initially issued as global securities. See "— Book-Entry, Delivery and Form" below for additional information concerning the notes and the book-entry system. The Depository Trust Company (DTC) 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 DTC'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. We will make all payments of principal and interest in immediately available funds to DTC in The City of New York.

Optional Redemption

Either series of notes is redeemable, in whole or in part, at any time, and at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the notes of that series then outstanding to be redeemed, or
- the sum of the present values of the remaining scheduled payments of principal and interest on the notes of that series then outstanding to be redeemed (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis (computed based on a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus, with respect to the 2007 Notes, 25 basis points (0.25%), or, with respect to the 2012 Notes, 30 basis points (0.30%), as calculated by an Independent Investment Banker,

plus, in both of the above cases, accrued and unpaid interest thereon to the redemption date.

We will mail a notice of redemption at least 30 days, but no more than 60 days, before the redemption date to each holder of notes to be redeemed. If we elect to partially redeem the notes of a series, the trustee will select in a fair and appropriate manner the notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

"Adjusted Treasury Rate" means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, as defined below, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Adjusted Treasury

Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate will be calculated on the third business day preceding the redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes (the "Remaining Life").

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if an Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means any of Salomon Smith Barney Inc., Barclays Capital Inc. or J.P. Morgan Securities Inc. or any of their respective successors, as designated by us, or if those firms are unwilling or unable to serve as such, an independent investment and banking institution of national standing appointed by us.

"Reference Treasury Dealer" means:

- Salomon Smith Barney Inc., Barclays Capital Inc., J.P. Morgan Securities Inc. and each of their respective successors; provided that if any of them ceases to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute another Primary Treasury Dealer; and
- up to two other Primary Treasury Dealers selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to an Independent Investment Banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Book-Entry, Delivery and Form

The notes will be issued in the form of one or more securities in global form. Each global security will be deposited on the date of the closing of the sale of the notes with, or on behalf of DTC, and registered in the name of Cede & Co., as DTC's nominee.

DTC is a limited-purpose trust company created to hold securities for its participants and to facilitate the clearance and settlement of transactions in those securities between those participants through electronic book-entry changes in accounts of the participants. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (referred to as the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interest and transfer of ownership interest of each actual purchaser of each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

We expect that under procedures established by DTC, (1) upon deposit of the global securities, DTC will credit the accounts of participants designated by the underwriters with portions of the principal amount of the global securities and (2) ownership of such interests in the global securities will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the global securities).

Investors in the global securities may hold their interests directly through DTC if they are participants in that system, or indirectly through organizations which are participants in that system. All interests in a global security may be subject to the procedures and requirements of DTC. The laws of some states require that some persons take physical delivery in certificated form of securities that they own. Consequently, the ability to transfer beneficial interests in a global security to those persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants and some banks, the ability of a person with beneficial interests in a global security to pledge that interest to persons that do not participate in the DTC system, or to take other actions regarding that interest, may be affected by the lack of a physical certificate evidencing those interests.

Except as described below, owners of interests in the global securities will not have notes registered in their name, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders of notes for any purpose.

Payments on the global securities registered in the name of DTC or its nominee will be payable by the trustee to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the trustee will treat the persons in whose names the notes, including the global securities, are registered, as the owners for the purpose of receiving those payments and for any and all other purposes.

Consequently, neither the trustee nor any agent of the trustee has or will have any responsibility or liability for:

- any aspect of DTC's records or any participant's or indirect participant's records relating to, or payments made on account of beneficial ownership interests in the, global security or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global security, or

- any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC's current practice, upon receipt of any payment on securities such as the notes, is to credit the accounts of the relevant participants with the payment on the payment date, in amounts proportionate to their respective holdings in principal amounts of beneficial interests in the relevant security as shown on the records of DTC unless DTC has reason to believe it will not receive payment on the payment date. Payments by the participants and the indirect participants to the beneficial owners of the notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

DTC will take any action permitted to be taken by a holder of the notes only at the direction of one or more participants to whose account with DTC interests in the global securities are credited and only in respect of such portion of the notes as to which the participant or participants has or have given such direction. However, if there is an event of default, as defined in the indenture, with respect to the notes, DTC reserves the right to exchange the global securities for notes in certificated form and to distribute the notes to its participants.

A global security is exchangeable for notes in registered certificated form if:

- DTC notifies us that it is unwilling or unable to continue as clearing agency for the global securities or has ceased to be a clearing agency registered under the Securities Exchange Act of 1934 and we fail to appoint a successor clearing agency,
- we in our sole discretion elect to cause the issuance of definitive certificated notes, or
- there has occurred and is continuing an event of default under the indenture.

The information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be reliable, but we have not independently determined the accuracy thereof. We will not have any responsibility for the performance by DTC or its participants of their obligations under the rules and procedures governing their operations.

UNDERWRITING

Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc. are acting as joint book-running managers of the offering and are acting as representatives of the underwriters named below. Subject to the terms and conditions specified in an underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of the notes set forth opposite the underwriter's name below.

Underwriters	Principal Amount	
	2007 Notes	2012 Notes
Salomon Smith Barney Inc.	$ 45,000,000	$120,000,000
Barclays Capital Inc.	30,000,000	80,000,000
J.P. Morgan Securities Inc.	30,000,000	80,000,000
Credit Lyonnais Securities (USA) Inc.	7,500,000	20,000,000
Mizuho International plc	7,500,000	20,000,000
SG Cowen Securities Corporation	7,500,000	20,000,000
SunTrust Capital Markets, Inc.	7,500,000	20,000,000
TD Securities (USA) Inc.	7,500,000	20,000,000
Westdeutsche Landesbank Girozentrale	7,500,000	20,000,000
Total	$150,000,000	$400,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all of the notes if they purchase any of the notes.

The underwriters propose to offer the notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the notes to dealers at the public offering price less a concession not to exceed 0.350% of the principal amount of the 2007 Notes and 0.400% of the principal amount of the 2012 Notes. The underwriters may allow and the dealers may reallow a concession not to exceed 0.250% of the principal amount of each of the 2007 Notes and the 2012 Notes on sales to other dealers. After the initial public offering, the representatives may change the public offering price and concessions.

The notes are new issues of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. The underwriters have advised us that they intend to make a market in the notes after the offering, although they are under no obligation to do so. The underwriters may discontinue any market-making activities at any time without any notice. We can give no assurance as to the liquidity of the trading market for the notes or that a public trading market for the notes will develop. If no active public trading market develops, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on factors such as prevailing interest rates, the market for similar securities and our performance, as well as other factors not listed here.

J.P. Morgan Securities Inc. will make the notes available for distribution on the Internet through a proprietary web site and/or a third-party system operated by Market Axess Inc., an Internet-based communications technology provider. Market Axess Inc. is providing the system as a conduit for communications between JPMorgan and its customers and is not a party to any transactions. Market Axess Inc., a registered broker-dealer, will receive compensation from JPMorgan based on transactions JPMorgan conducts through the system. JPMorgan will make the notes available to its customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

In connection with the offering, the underwriters, as well as the dealers and agents, may purchase and sell the notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of notes in excess of the principal amount of notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the underwriting syndicate, in covering syndicate short positions or making stabilizing purchases, repurchases notes originally sold by that syndicate member.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We and the underwriters make no 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, we and the underwriters make no representation that the underwriters will engage in those types of transactions or that those transactions, once commenced, will not be discontinued without notice.

The underwriters, and some of their affiliates, have performed investment banking, financial advisory, commercial banking and other services for us and our affiliates from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of business, for which they may receive customary fees in connection with those services.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $425,000.

LEGAL MATTERS

Palmer & Dodge LLP, Boston, Massachusetts will pass upon the validity of the notes offered hereby. Certain matters will be passed upon for the underwriters by Ropes & Gray.

PROSPECTUS

Tampa Electric Company

Debt Securities

We plan to offer debt securities to the public from time to time.

We may offer the debt securities as separate series, in amounts, prices and on terms determined at the time of the sale. When we offer debt securities, we will provide a prospectus supplement or a term sheet describing the terms of the specific issue, including the offering price of the securities. **You should read this prospectus and the prospectus supplement or the term sheet, together with the additional information described under the heading "WHERE YOU CAN FIND MORE INFORMATION" beginning on page 9 of this prospectus, before you make your investment decision.**

We will sell the debt securities to underwriters or dealers, through agents, or directly to investors.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

The date of this prospectus is July 19, 2002

Tampa Electric Company • 702 North Franklin Street • Tampa, Florida 33602 • (813) 228-4111

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a "shelf" registration process. Under the shelf process, we may, from time to time, issue and sell to the public any amount of the debt securities described in the registration statement in one or more offerings up to a total dollar amount of $950,000,000.

RISK FACTORS

For each series of debt securities, we will include risk factors, if appropriate, in a prospectus supplement or term sheet relating to that series. You should also consider the "Investment Considerations" included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2001 of our parent, TECO Energy, Inc., as the same may be amended, supplemented or superseded from time to time by future filings under the Securities Exchange Act of 1934.

FORWARD LOOKING STATEMENTS

This prospectus, any prospectus supplement or term sheet, and the documents we have incorporated by reference may contain forward-looking statements. Such statements relate to future events or our future financial performance. We use words such as "anticipate," "believe," "expect," "intend," "may," "project," "will" or other similar words to identify forward-looking statements.

Without limiting the foregoing, any statements relating to our:

- anticipated capital expenditures;
- future cash flows and borrowings;
- potential future merger opportunities; and
- sources of funding

are forward-looking statements. These forward-looking statements are based on numerous assumptions that we believe are reasonable, but they are open to a wide range of uncertainties and business risks and actual results may differ materially from those discussed in these statements.

Among the factors that could cause actual results to differ materially are:

- general economic conditions, particularly those affecting energy sales in our service area;
- variations in weather conditions affecting energy sales and operating costs;
- potential competitive changes in the electric and gas industries, particularly in the area of retail competition;
- changes in environmental regulation that may impose additional costs or curtail some of our activities;
- federal and state regulatory initiatives that increase competition or costs, threaten investment recovery, or impact rate structure;
- available sources and costs of commodities;
- interest rates, market conditions and other factors that could impact our ability to obtain access to sufficient capital on satisfactory terms; and
- restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow or make payments on subordinated debt.

When considering forward-looking statements, you should keep in mind the cautionary statements in this prospectus, any prospectus supplement or term sheet and the documents incorporated by reference.

THE COMPANY

We are a public utility company that is a wholly-owned subsidiary of TECO Energy, Inc., a diversified energy-related holding company. We generate, purchase, transmit, distribute and sell electric energy for customers within west central Florida and, through our Peoples Gas System division, purchase, distribute and sell natural gas for customers throughout Florida. You can find a more complete description of our business and our recent activities in the documents listed under "WHERE YOU CAN FIND MORE INFORMATION." The address of our principal executive office is 702 North Franklin Street, Tampa, Florida 33602, and our telephone number is (813) 228-4111.

RATIO OF EARNINGS TO FIXED CHARGES

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

	Periods Ended March 31, 2002		Year Ended December 31,				
$ millions	3 Months	12 Months	2001	2000	1999	1998	1997
Ratio of earnings to fixed charges	4.51x	4.57x	4.41x	4.14x	3.82x(1)	4.51x(2)	4.38x

For the purposes of calculating these ratios, 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 one-time, pretax charges totaling $18.3 million recorded in the third and fourth quarters of 1999. Charges consisted of the following: $10.5 million recorded based on Florida Public Service Commission audits of our 1997 and 1998 earnings which limited our equity ratio to 58.7 percent; $3.5 million to resolve litigation filed by the U.S. Environmental Protection Agency; and $4.3 million for corporate income tax settlements related to prior years' tax returns. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61x for the fiscal year ended December 31, 1999.

(2) Includes the effect of one-time, pretax charges totaling $16.9 million, as more fully explained in Note I to Item 8, Financial Statements and Supplementary Data of our Annual Report on Form 10-K for the 1998 fiscal year. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66x for the fiscal year ended December 31, 1998.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of the debt securities for general corporate purposes, which may include capital expenditures, investment in subsidiaries, working capital, repayment of debt and other business opportunities.

DESCRIPTION OF DEBT SECURITIES

The debt securities will be unsecured and, unless indicated otherwise in the applicable prospectus supplement or term sheet, will rank on parity with all our other unsecured and unsubordinated indebtedness. We will issue debt securities in one or more series under an indenture dated as of July 1, 1998 between us and The Bank of New York, as trustee. We filed the indenture as an exhibit to our registration statement on Form S-3 dated July 13, 1998. The following description of the terms of the debt securities summarizes only the material terms of the debt securities. The description is not complete and we refer you to the indenture, which we incorporate by reference.

General

The indenture does not limit the aggregate principal amount of the debt securities or of any particular series of debt securities that we may issue under it. We are not required to issue debt securities of any series at the same time nor must the debt securities within any series bear interest at the same rate or mature on the same date.

Each time that we issue a new series of debt securities, the prospectus supplement or term sheet relating to that new series will describe the particular amount, price and other terms of those debt securities. These terms may include:

- the title of the debt securities;
- any limit on the total principal amount of the debt securities;
- the date or dates on which the principal of the debt securities will be payable or the method by which such date or dates will be determined;
- the rate or rates at which the 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;
- the date or dates on which any such interest will be payable and the record dates, if any, for any such interest payments;
- if applicable, whether we may extend the interest payment periods and, if so, the permitted duration of any such extensions;
- the place or places where the principal of and interest on the debt securities will be payable;
- any obligation we may have to redeem or purchase the debt securities pursuant to any sinking fund, purchase fund or similar provision or at the option of the holder and the terms and conditions on which the debt securities may be redeemed or purchased pursuant to an obligation;
- the denominations in which we will issue the debt securities, if other than denominations of $1,000;
- the terms and conditions, if any, on which we may redeem the debt securities;
- the currency, currencies or currency units in which we will pay the principal of and any premium and interest on the debt securities, if other than U.S. dollars, and the manner of determining the equivalent in U.S. dollars;
- whether we will issue any debt securities in whole or in part in the form of one or more global securities and, if so, the identity of the depositary for the 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;"
- any addition to, change in or deletion from the events of default or covenants described in this prospectus with respect to the debt securities and any change in the right of the trustee or the holders to declare the principal amount of the debt securities due and payable;
- any index or formula used to determine the amount of principal of or any premium or interest on the debt securities and the manner of determining any such amounts;
- any subordination of the debt securities to any other indebtedness of the Company; and
- other material terms of the debt securities.

Unless the prospectus supplement or term sheet relating to the issuance of a series of debt securities indicates otherwise, the debt securities will have the following characteristics:

We will issue debt securities only in fully registered form, without coupons and in denominations of $1,000 or multiples of $1,000. We will not charge a service fee for the registration, transfer or exchange of

debt securities, but we may require a payment sufficient to cover any tax or other governmental charge payable in connection with registration, transfer or exchange.

The principal of, and any premium and interest on, any debt securities will be payable at the corporate trust office of The Bank of New York in New York, New York. Debt securities will be exchangeable and transfers thereof will be registrable at this corporate trust office. Payment of any interest due on any debt security will be made to the person in whose name the debt security is registered at the close of business on the regular record date for interest.

We will have the right to redeem the debt securities only upon written notice mailed between 30 and 60 days prior to the redemption date.

If we plan to redeem the debt securities, before the redemption occurs we are not required to:

- issue, register the transfer of, or exchange any debt security of that series during the period beginning 15 days before we mail the notice of redemption and ending on the day we mail the notice; or
- after we mail the notice of redemption, register the transfer of or exchange any debt security selected for redemption, except if we are only redeeming a part of a debt security, we are required to register the transfer of or exchange the unredeemed portion of the debt security if the holder so requests.

We may offer and sell debt securities at a substantial discount below their principal amount. We will describe any applicable special federal income tax and other considerations, if any, in the relevant prospectus supplement or term sheet. We may also describe in the relevant prospectus supplement or term sheet 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.

The debt securities do not provide special protection in the event we are involved in a highly leveraged transaction.

Global Securities

If we decide to issue debt securities in the form of one or more global securities, then we will register the global securities in the name of the depositary for the global securities or the nominee of the depositary and the global securities will be delivered by the trustee to the depositary for credit to the accounts of the holders of beneficial interests in the debt securities.

The prospectus supplement or term sheet will describe the specific terms of the depositary arrangement for debt securities of a series that are issued in global form. None of our company, the trustee, any payment agent or the security registrar 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 debt security or for maintaining, supervising or reviewing any records relating to these beneficial ownership interests.

Consolidation, Merger, Etc.

We will not consolidate or merge with or into any other corporation or other organization, or sell, convey or transfer all or substantially all of our assets to any individual or organization, unless:

- the successor is an individual or organization organized under the laws of the United States or any state thereof or the District of Columbia or, upon the effectiveness of the currently proposed amendment to the indenture, under the laws of a foreign jurisdiction and such successor consents to the jurisdiction of the courts of the United States or any state thereof;
- the successor or transferee expressly assumes our obligations under the indenture; and

- the consolidation, merger, sale or transfer does not cause the occurrence of a default under the indenture.

Upon the assumption by the successor of our obligations under the indenture and the debt securities issued thereunder, and the satisfaction of any other conditions required by the indenture, the successor will succeed to and be substituted for us under the indenture.

Modification of the Indenture

The indenture provides that we or the trustee may modify or amend its terms with the consent of (i) the holders of not less than a majority in aggregate principal amount of the outstanding debt securities of each affected series and (ii) 66⅔% in aggregate principal amount of the outstanding debt securities of all affected series. However, without the consent of each holder of all of the outstanding debt securities affected by that modification, we may not:

- change the date stated on the debt security on which any payment of principal or interest is stated to be due;
- reduce the principal amount or any premium or interest on, any debt security, including in the case of a discounted debt security, the amount payable upon acceleration of the maturity thereof;
- change the place of payment or currency of payment of principal of, or premium, if any, or interest on, any debt security;
- 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
- 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 some provisions of the indenture or for waiver of some defaults.

Under limited circumstances and only upon the fulfillment of conditions, we and the trustee may make modifications and amendments of the indenture without the consent of any holders of the debt securities.

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 that series;
- a default of a covenant or provision under the indenture that cannot be modified or amended without the consent of the holder of each outstanding debt security of the affected series.

Events of Default

An event of default with respect to debt securities of any series issued under the indenture is any one of the following events (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):

- we fail to pay any interest on any debt security of that series when due, and such failure has continued for 30 days;
- we fail to pay principal of or any premium on any debt security of that series when due;
- we fail to deposit any sinking fund payment in respect of any debt security of that series when due, and such failure has continued for 30 days;
- we fail to perform any other covenant 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 we receive written notice as provided in the indenture;
- events of bankruptcy, insolvency or reorganization; and

- any other event defined as an event of default with respect to debt securities of a particular series.

If an event of default with respect to any series of debt securities occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the outstanding debt securities of that series may declare the principal amount (or, if any debt securities of that series are discounted debt securities, a portion of the principal amount that the terms of the series may specify) of all debt securities of that series to be immediately due and payable. Under some circumstances, the holders of a majority in principal amount of the outstanding debt securities of that series may rescind and annul that declaration and its consequences. The prospectus supplement or term sheet relating to any series of debt securities that are discounted debt securities will specify the particular provisions relating to acceleration of a portion of the principal amount of the discounted debt securities upon the occurrence of an event of default and the continuation of the event of default.

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 trustee is not obligated to exercise any of its rights or powers under the indenture at the request or direction of any of the holders unless the holders have offered to the trustee reasonable security or indemnity. Subject to such provisions for security and indemnification of the trustee and 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.

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 limitations specified in the indenture, interest on such debt security on its stated maturity date (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any of these payments.

We must furnish to the trustee an annual statement that to the best of our knowledge we are 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 default and its status.

Satisfaction and Discharge of the Indenture

We will have satisfied and discharged the indenture and it will cease to be in effect (except as to our obligations to compensate, reimburse and indemnify the trustee pursuant to the indenture and some other obligations) when we deposit or cause to be deposited with the trustee, in trust, an amount 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 date or earlier redemption date for debt securities that have been called for redemption).

Defeasance of Debt Securities

Unless otherwise provided in the prospectus supplement or term sheet for a series of debt securities, and subject to the terms of the indenture, we may request 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, 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 date 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 of the debt securities 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 should 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 laws.

The Trustee

The trustee is The Bank of New York, which maintains banking relationships with us in the ordinary course of business and serves as trustee under other indentures with us and some of our affiliates.

Governing Law

The indenture and the debt securities will be governed by and construed in accordance with the laws of the State of New York.

PLAN OF DISTRIBUTION

We may sell the debt securities in one or more of the following ways:

- directly to purchasers;
- to or through one or more underwriters or dealers; or
- through agents.

A prospectus supplement or term sheet with respect to a particular series of debt securities will set forth the terms of the offering of those debt securities, including the following:

- the name or names of any underwriters, dealers or agents;
- the purchase price of those debt securities and our proceeds from the sale;
- underwriting discounts and commissions; and
- any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

If we use underwriters in the sale of the debt securities, the underwriters will acquire the debt securities for their own account and they may resell them 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. Underwriting syndicates represented by one or more managing underwriters or one or more independent firms acting as underwriters may offer the debt securities to the public. In connection with the sale of the debt securities, we may compensate the underwriters in the form of underwriting discounts or commissions. The purchasers of the debt securities for whom the underwriters may act as agent may also pay them commissions. Underwriters may sell the debt securities to or through dealers, and those 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 applicable prospectus supplement or term sheet, the obligations of any underwriters to purchase the debt securities will be subject to conditions precedent, and the underwriters will be obligated to purchase all such debt securities if any are purchased.

If we use dealers in the sale of the debt securities, we will sell the debt securities to the dealers as principals. The dealer may then resell the debt securities to the public at varying prices determined by the dealer at the time of resale. The applicable prospectus supplement or term sheet will name any dealer, who may be deemed to be an underwriter, as that term is defined in the Securities Act of 1933, involved in the offer or sale of the debt securities, and set forth any commissions or discounts we grant to the dealer.

If we use agents in the sales of the debt securities, the agents may solicit offers to purchase the debt securities from time to time. The applicable prospectus supplement or term sheet will name 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, and any commissions payable by us to such agent. Any agent will be acting on a reasonable effort basis for the period of its appointment or, if indicated in the applicable prospectus supplement or term sheet, on a firm commitment basis.

We may also sell the debt securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to resales. The terms of any such sales will be described in the applicable prospectus supplement or term sheet.

If the prospectus supplement or term sheet so indicates, we will authorize agents, underwriters or dealers to solicit offers from institutions to purchase the debt securities from us at the public offering price set forth in the prospectus supplement or term sheet pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the applicable prospectus supplement or term sheet, and the prospectus supplement or term sheet will set forth the commission payable for solicitation of the contracts.

Agents, dealers and underwriters may be entitled under agreements with us to indemnification against some civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the agents, dealers or underwriters may be required to make. Agents, dealers and underwriters from time to time may engage in transactions with, or perform services for, us or our subsidiaries for customary compensation.

If indicated in the applicable prospectus supplement or term sheet, one or more firms may offer and sell the debt securities in connection with a remarketing upon their purchase, in accordance with their terms, acting as principals for their own accounts or as our agents. Any remarketing firm will be identified and the terms of its agreement, if any, with us will be described in the applicable prospectus supplement or term sheet. We may be obligated to indemnify the remarketing firm against some liabilities, including liabilities under the Securities Act. The remarketing firm from time to time may engage in transactions with or perform services for us or our subsidiaries for customary compensation.

Any underwriter may engage in over-allotment, stabilizing and syndicate short covering transactions and penalty bids in accordance with Regulation M of the Securities Exchange Act of 1934. Over-allotment involves sales in excess of the offering size, which creates a short position. Stabilizing transactions involve bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate short covering transactions involve purchases of securities in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the underwriters to reclaim selling concessions from dealers when the securities originally sold by the dealers are purchased in covering transactions to cover syndicate short positions. These transactions may cause the price of the debt securities sold in an offering to be higher than it would otherwise be. These transactions, if commenced, may be discontinued by the underwriters at any time.

Any debt securities will be a new issue of securities with no established trading market. We cannot assure you that there will be a market for the debt securities of any particular series or, that, if a market does develop, it will continue to provide holders of those debt securities with liquidity for their investment or will continue for the duration the debt securities are outstanding.

The prospectus supplement or term sheet relating to each offering will set forth the anticipated date of delivery of the debt securities.

LEGAL MATTERS

Palmer & Dodge LLP, Boston, Massachusetts will pass upon the validity of the debt securities for us.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K of Tampa Electric Company for the year ended December 31, 2001 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent certified public accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any of these documents at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC's web site at http://www.sec.gov. Copies of certain information filed by us with the SEC are also available on our website at http://www.tampaelectric.com. Our website is not part of this prospectus.

We filed a registration statement on Form S-3 with the SEC covering the debt securities. For further information about us and the debt securities, you should refer to the registration statement and its exhibits. This prospectus discusses material provisions of our indenture dated July 1, 1998 between us and The Bank of New York, as trustee. Because the prospectus may not contain all the information that you may consider important, you should review the full text of the indenture and other documents we have incorporated by reference into the registration statement.

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all of the debt securities are sold:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001; and
- our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002.

You may request a copy of these filings, at no cost, by telephoning us at (813) 228-4111 or writing us at the following address:

Director of Investor Relations
Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
(813) 228-4111

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement or term sheet. We have not authorized anyone to provide you with different information. We are not making an offer of these debt securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any supplement or term sheet is accurate as of any date other than the date on the front of those documents.

$550,000,000

Tampa Electric Company

5.375% Notes due August 15, 2007

6.375% Notes due August 15, 2012

PROSPECTUS SUPPLEMENT

August 21, 2002

Salomon Smith Barney
Barclays Capital
JPMorgan

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
August 21, 2002

TAMPA ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

Florida	**1-5007**	**59-0475140**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

702 North Franklin Street, Tampa, Florida 33602
(Address of principal executive offices and zip code)

(813) 228-4111
(Registrant's telephone number, including area code)

Item 5. Other

In order to furnish certain exhibits for incorporation by reference into the Registration Statement on Form S-3 of Tampa Electric Company previously filed with Securities and Exchange Commission (File No. 333-91602), which Registration Statement was declared effective by the Commission on July 19, 2002, Tampa Electric Company is filing an Underwriting Agreement dated August 21, 2002 between Tampa Electric Company, Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc. as Exhibit 1.1 to such Registration Statement, the opinion of Palmer & Dodge LLP, regarding the validity of the notes to be sold by Tampa Electric Company pursuant to such Underwriting Agreement as Exhibit 5.3 to such Registration Statement, and the opinion of Ropes & Gray as Exhibit 5.4 to such Registration Statement.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits.

(c) Exhibits.

1.1	Underwriting Agreement dated August 21, 2002 between Tampa Electric Company, Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc. Filed herewith.
5.3	Opinion of Palmer & Dodge LLP. Filed herewith.
5.4	Opinion of Ropes & Gray. Filed herewith.
23.4	Consent of Palmer & Dodge LLP (included as part of their opinion filed herewith).
23.5	Consent of Ropes & Gray (included as part of their opinion filed herewith).

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 22, 2002

TAMPA ELECTRIC COMPANY

By: _____

Gordon L. Gillette
Senior Vice President—Finance and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
1.1	Underwriting Agreement dated August 21, 2002 between Tampa Electric Company, Salomon Smith Barney Inc., Barclays Capital Inc. and J.P. Morgan Securities Inc.
5.3	Opinion of Palmer & Dodge LLP. Filed herewith.
5.4	Opinion of Ropes & Gray. Filed herewith.
23.4	Consent of Palmer & Dodge LLP (included as part of their opinion filed herewith).
23.5	Consent of Ropes & Gray (included as part of their opinion filed herewith).

August 26, 2002

Salomon Smith Barney Inc.
388 Greenwich Street
New York, NY 10013

Barclays Capital Inc.
222 Broadway
New York, NY 10038

J.P. Morgan Securities Inc.
270 Park Avenue
New York, NY 10017

As Representatives of the several Underwriters named in Schedule A to the Underwriting Agreement referred to below

Ladies and Gentlemen:

As General Counsel of Tampa Electric Company, a Florida corporation (the "Company"), I have acted as counsel to the Company in connection with the sale by the Company of $150,000,000 aggregate principal amount of its 5.375% Notes due 2007 and $400,000,000 aggregate principal amount of its 6.375% Notes due 2012 (together, the "Offered Securities"). This opinion is being delivered pursuant to Section 6(e) of the Underwriting Agreement (the "Underwriting Agreement") dated August 21, 2002, among the Company, and you, as representatives of the underwriters listed on Schedule A thereto (the "Underwriters").

In my examination I have assumed the genuineness of all signatures (other than signatures made on behalf of the Company), including endorsements, the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies and the authenticity of the originals of such copies. As to facts material to this opinion which I did not independently establish or verify, I have relied upon statements and representations of officers of the Company and other representatives and public officials. Also, with your approval, I have relied as to certain legal matters on advice of other lawyers employed by the Company who are more familiar with such matters.

In rendering the opinions set forth herein, I, or attorneys under my supervision, have examined and relied on originals or copies of the Offered Securities and the Indenture (the "Transaction Documents") and have also examined the Registration Statement, the Prospectus, the governing documents and corporate records, agreements, certificates of public officials and such other documents and matters of law as I have deemed necessary or appropriate as a basis for the opinions set forth below. As to

various questions of fact material to my opinion, I have relied upon the representations made in or pursuant to the Underwriting Agreement and upon certificates of officers of the Company.

Capitalized terms not otherwise defined in this opinion have the meanings assigned to them in the Underwriting Agreement. When used in this opinion, the phrase "to the best of my knowledge" or equivalent words with respect to a matter means that nothing has come to my attention in the course of my representation of the Company which would lead me to question such matter but that, except as expressly stated, I have not made any special investigation with respect thereto.

I am a member of the Florida Bar, and I express no opinion as to the laws of any jurisdiction other than the applicable laws of the State of Florida. For purposes of my opinion as to the enforceability of any of the Transaction Documents, 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.

I express no opinion with respect to any provision of the Transaction Documents to the extent that such provision purports to exculpate any person thereby or grants rights of indemnification which may violate public policy, and insofar as enforceability of such provision may be limited under state securities laws.

Based upon and subject to the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, I am of the opinion that:

1. The Company has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Florida, with corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and to enter into and perform its obligations under the Underwriting Agreement.

2. The Offered Securities and the Indenture each have been duly authorized, executed and delivered by the Company; the Offered Securities, when validly authenticated and delivered by the Trustee, will be validly issued and conform as to legal matters to the description thereof contained in the Prospectus; the Offered Securities and the Indenture, when validly authenticated, executed and delivered by the Trustee, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles.

3. All descriptions in the Registration Statement of written contracts and other documents to which the Company is a party are accurate in all material respects; to the best of my knowledge, there are no franchises, contracts, indentures, mortgages, loan agreements, notes, leases or other instruments required to be described or referred to in the Registration Statement or to be filed as exhibits thereto other than those described or

referred to therein or filed or incorporated by reference as exhibits thereto, and the descriptions thereof or references thereto are correct in all material respects.

4. No filing, registration, or qualification with, or authorization, approval, consent, license, order or decree of any court or governmental agency or body (including without limitation the Florida Public Service Commission) is necessary or required in connection with the due authorization, execution and delivery of the Underwriting Agreement or the Indenture or for the offering, issuance, sale or delivery of the Offered Securities by the Company, except as may be required under such state securities laws as to which I express no opinion.

5. The execution, delivery and performance by the Company of the Underwriting Agreement, the Offered Securities and the Indenture and the consummation of the transactions contemplated by the Underwriting Agreement and in the Registration Statement (including the issuance and sale of the Offered Securities and the use of the proceeds from the sale of the Offered Securities as described in the Prospectus under the caption "Use of Proceeds") do not and will not whether with or without the giving of notice or lapse of time or both (i) violate, 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 pursuant to any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or any of the Company's Forms 10-Q or 8-K filed thereafter, or (ii) violate (x) the charter or by-laws of the Company, (y) any applicable statute, rule or regulation, or (z) any judgment, order, writ or decree known to me of any government, government instrumentality or court.

6. The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

I, or attorneys under my supervision, have participated in conferences with officers and other representatives of the Company and representatives of the Underwriters at which conferences the contents of the Prospectus and the Registration Statement and related matters were discussed and, although I have not independently verified, am 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 (except as otherwise indicated above), I advise you that, on the basis of the foregoing, nothing has come to my attention which causes me to believe that the Registration Statement, as of its effective date, or any amendment thereto, as of its effective date, contained any untrue statement of a 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 its issue date or as of the date hereof, or any amendment or supplement thereto, as of its issue date or as of the date hereof, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood I express no comment as to the Forms T-1 or the financial statements, including the notes thereto and supporting schedules, or other financial information and data contained in the Registration Statement or the Prospectus).

This opinion is furnished to you as Underwriter and is solely for your benefit, except that Palmer & Dodge LLP and Ropes & Gray may rely on this opinion in rendering their opinions to you pursuant to the Underwriting Agreement.

Very truly yours,

Sheila M. McDevitt
General Counsel

PALMER DODGE
111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

August 26, 2002

Salomon Smith Barney Inc.
Barclays Capital Inc.
J.P. Morgan Securities Inc.
As Representatives of the several Underwriters
named in Schedule A to the Underwriting Agreement

c/o Salomon Smith Barney Inc.
388 Greenwich Street
New York, NY 10013

Re: 5.375% Notes Due August 15, 2007 of Tampa Electric Company
6.375% Notes Due August 15, 2012 of Tampa Electric Company

Ladies and Gentlemen:

We are furnishing this opinion to you pursuant to Section 6(d) of the Underwriting Agreement (the "Underwriting Agreement") dated August 21, 2002, among Tampa Electric Company (the "Company") and you, as representatives of the underwriters named in Schedule A to the Underwriting Agreement (the "Underwriters"), relating to the sale by the Company of $150,000,000 aggregate principal amount of its 5.375% Notes due August 15, 2007 and $400,000,000 aggregate principal amount of its 6.375% Notes due August 15, 2012 (together, the "Offered Securities"). Capitalized terms not otherwise defined herein have the meanings assigned to them in the Underwriting Agreement.

We have represented the Company in connection with the preparation of the Registration Statement, the Prospectus, the Offered Securities, the Indenture and the Underwriting Agreement.

We have examined the Offered Securities and the Indenture. We have also examined the Registration Statement, the Prospectus and such other documents and certificates as we consider necessary to render the opinions set forth below. As to various questions of fact material to our opinions, we have relied upon the representations made in or pursuant to the Underwriting Agreement and upon certificates of officers of the Company. We are also relying upon the certificates of public officials.

We express no opinion with respect to any provision of the Indenture or the Offered Securities to the extent that such provision purports to exculpate any person thereby or grants rights of indemnification which may violate public policy, and insofar as enforceability of such provision may be limited under state securities laws.

In rendering the opinions set forth below, we have relied as to matters of Florida law on the opinion of Sheila M. McDevitt, General 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 opinions rendered herein are limited to the law of the Commonwealth of Massachusetts, the federal law of the United States and, insofar as we have relied upon the foregoing opinion of Sheila M. McDevitt, the law of the State of Florida. We note that the Offered Securities and the Indenture state that they are to be governed by the law of the State of New York. We are rendering our opinion as to the enforceability of the Offered Securities and the Indenture as though those documents were governed by the internal law of Massachusetts.

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 the foregoing and subject to the additional qualifications set forth below, we are of opinion that:

1. The Company has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Florida, with corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and to enter into and perform its obligations under the Underwriting Agreement.

2. The Offered Securities and the Indenture each have been duly authorized, executed and delivered by the Company; the Offered Securities, when validly authenticated and delivered by the Trustee, will be validly issued and conform as to legal matters to the description thereof contained in the Prospectus; the Offered Securities and the Indenture, when validly authenticated, executed and delivered by the Trustee, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles; and the Offered Securities are entitled to the benefits of the Indenture.

3. No filing, registration, or qualification with, or authorization, approval, consent, license, order or decree of, any court or governmental agency or body is necessary or required in connection with the due authorization, execution and delivery of the Underwriting Agreement or the Indenture or for the offering, issuance, sale or delivery of the Offered Securities by the Company, except such as have been obtained or made under the Act, the Rules and Regulations thereunder, and the Trust Indenture Act or such as may be required under state securities laws as to which we express no opinion.

4. The execution, delivery and performance by the Company of the Underwriting Agreement, the Offered Securities and the Indenture and the consummation of the transactions contemplated by the Underwriting Agreement and in the Registration Statement (including the issuance and sale of the Offered Securities and the use of the proceeds from the sale of the Offered Securities as described in the Prospectus under the caption "Use of Proceeds"), do not and will not, whether with or without the giving of notice or lapse of time or both, (i) violate, 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 pursuant to any agreement or instrument that is listed as an exhibit to the Company's Form 10-K for the year ended December 31, 2001 or any of the Company's Forms 10-Q or 8-K filed thereafter but on or prior to the date hereof, or (ii) violate (x) the charter or by-laws of the Company, (y) any applicable statute or rule or regulation, or (z) any judgment, order, writ or decree known to us of any government, government instrumentality or court.

5. The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940.

6. The Indenture has been duly qualified under the Trust Indenture Act.

7. The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

8. The Registration Statement has become effective under the Act, the Prospectus was filed with the Commission pursuant to Rule 424(b)(5) within the time period required by Rule 424(b) and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued under the Act and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

9. The Registration Statement, the Prospectus, excluding the documents incorporated by reference therein, and each amendment or supplement thereto, excluding the documents incorporated by reference therein, as of their respective effective or issue dates (other than the financial statements and supporting schedules included therein or omitted therefrom and the statements of Eligibility on Form T-1 of the Trustee, as to which we express no opinion) complied as to form in all material respects with the requirements of the Act, the Rules and Regulations thereunder and the Trust Indenture Act.

10. The documents incorporated by reference in the Prospectus and each amendment or supplement thereto (other than the financial statements and supporting schedules included therein or omitted therefrom and the statements of Eligibility on Form T-1 of the Trustee, as to which we express no opinion), when they became effective or were filed with the Commission or as subsequently amended prior to the date of the Underwriting Agreement, as the case may be, complied as to form in all material respects with the requirements of the Exchange Act and the Rules and Regulations thereunder.

11. The statements made in the Prospectus under the captions "Description of the Notes" and "Description of the Debt Securities," insofar as such statements purport to constitute a summary of the terms of any of the Indenture or the Offered Securities, constitute an accurate summary thereof in all material respects.

We have participated in discussions with officers and other representatives of the Company and representatives of the Underwriters at which discussions the contents of the Prospectus and the Registration Statement and related matters were discussed and, although we have not independently verified, 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 (except as otherwise indicated above), we advise you that, on the basis of the foregoing, no facts have come to our attention that cause us to believe that the Registration Statement, as of its effective date, or any amendment thereto, as of its effective date, contained any untrue statement of a 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 its issue date or as of the Closing Date, or any amendment or supplement thereto, as of its issue date or as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that we express no comment as to the Forms T-1 or the financial statements, including the notes thereto and supporting schedules, or other financial information and data contained in the Registration Statement or the Prospectus).

This opinion is furnished to you as Representatives of the Underwriters in connection with the transaction described above and may not be relied on without our prior written consent for any other purpose or by anyone else other than the Underwriters, except that Ropes & Gray may rely on this opinion in rendering its opinion to you pursuant to the Underwriting Agreement.

Very truly yours,

Palmer & Dodge LLP

PALMER & DODGE LLP

PALMER & DODGE LLP
111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

August 26, 2002

The Bank of New York
101 Barclay Street, 8th Floor West
New York, NY 10286

Re: 5.375% Notes Due 2007 of Tampa Electric Company
6.375% Notes Due 2012 of Tampa Electric Company

Ladies and Gentlemen:

We are furnishing this opinion to you pursuant to Sections 102, 303(d) and 903 of the Indenture dated as of July 1, 1998 (the "Indenture"), between Tampa Electric Company (the "Company") and you, as Trustee, in connection with the request by the Company for the execution and delivery by you of a Fourth Supplemental Indenture to be dated as of August 15, 2002 (the "Fourth Supplemental"), amending and supplementing the Indenture, and the authentication and delivery by you of $150,000,000 aggregate principal amount of 5.375% Notes due 2007 and $400,000,000 aggregate principal amount of 6.375% Notes due 2012 (together, the "Notes") to be issued thereunder. Capitalized terms not otherwise defined in this opinion have the meanings assigned to them in the Indenture as amended and supplemented by the Fourth Supplemental.

We have acted as counsel to the Company in connection with the preparation of the Fourth Supplemental and the Notes.

For purposes of this opinion, we have read the provisions, including the covenants, conditions and definitions, of the Indenture relating to the authentication and delivery of Notes thereunder, the Fourth Supplemental setting forth the information required by Section 301 of the Indenture and establishing the form of the Notes, the Company Order dated the date hereof relating to your authentication and delivery of the Notes (the "Company Order"), and resolutions adopted by the Board of Directors of the Company on January 16, 2002, and by the Finance Committee of the Board of Directors of the Company on June 11, 2002 and August 13, 2002, authorizing the issuance of the Notes (collectively, the "Board Resolutions"). We have also examined the documents and other things being delivered to you, as Trustee, and have made such other investigation or examination as is necessary, in our opinion, to enable us to render this opinion.

Except with respect to our opinion as to the enforceability of Notes, the opinion rendered herein is limited to the law of the Commonwealth of Massachusetts and the federal law of the United States. We note that the Indenture, the Fourth Supplemental and the Notes provide that they are to be governed by the law of the State of New York, and, therefore, in rendering our opinion as to the enforceability of the Notes, we have relied on the opinion of Ropes & Gray with respect to matters of New York law.

Based on the foregoing and subject to the additional qualifications set forth below, we are of opinion that:

1. The provisions of the Fourth Supplemental conform to the requirements of the Indenture, and the execution of such Fourth Supplemental by you and the Company is authorized and permitted under the Indenture.

2. The terms and provisions of the Notes have been established in conformity with the provisions of the Indenture, as amended and supplemented by the Fourth Supplemental, and the Board Resolutions.

3. When duly issued by the Company and duly authenticated and delivered by you in accordance with the Company Order against payment of the agreed consideration therefor, the Notes will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws of general applicability affecting the rights and remedies of creditors and to general principles of equity.

4. All covenants and conditions of the Indenture applicable or precedent to the execution and delivery of the Fourth Supplemental and the authentication and delivery of the Notes, each by the Trustee, have been complied with.

In rendering the foregoing opinions, we assume that, at the time of the issuance, sale and delivery of each Note the authorization of such Note will not have been modified or rescinded and there will not have occurred any change in law affecting the validity, legally binding character or enforceability of such Note and that neither the issuance, sale and delivery of any Note, nor any of the terms of such Note, nor compliance by the Company with such terms, will violate any applicable law, any agreement or instrument then binding upon the Company or any restriction imposed by any court or governmental body having jurisdiction over the Company. We express no opinion as to compliance of the Notes with any applicable laws limiting the interest rates thereof.

We express no opinion with respect to the enforceability of any provision of the Notes to the extent that such provision provides for indemnification or contribution which may violate public policy. In addition, we express no opinion as to (a) the extent to which broadly worded waivers may be enforced, (b) the enforceability of any provision of the Notes that provides for interest on interest or automatic compounding of interest, (c) the enforceability of any provision that states that an oral modification of an agreement will not be effective, or (d) the extent to which provisions providing for conclusive presumptions or determinations, submission to jurisdiction, waiver of or consent to service of process and venue or waiver of offset or defenses will be enforced.

This opinion is furnished only to you as Trustee in connection with the transaction described above and may not be relied on without our prior written consent for any other purpose or by anyone else.

Very truly yours,

Palmer & Dodge LLP

PALMER & DODGE LLP

ROPES & GRAY
ONE INTERNATIONAL PLACE
BOSTON, MA 02110-2624
PHONE: (617) 951-7000
FAX: (617) 951-7050

August 26, 2002

Salomon Smith Barney Inc.
Barclays Capital Inc.
J.P. Morgan Securities Inc.

As Representatives of the several Underwriters named in
Schedule A to the Underwriting Agreement referred to below

Ladies and Gentlemen:

We have acted as your counsel in connection with the Underwriting Agreement dated August 21, 2002 (the "Underwriting Agreement") among Tampa Electric Company, a Florida corporation (the "Company"), and you, as representatives of the several Underwriters named in Schedule A thereto (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase from the Company (i) $150,000,000 aggregate principal amount of its 5.375% Notes due 2007 and (ii) $400,000,000 aggregate principal amount of its 6.375% Notes due 2012 (collectively, the "Notes"). The Notes will be issued pursuant to an indenture dated as of July 1, 1998 (the "Base Indenture") between the Company and The Bank of New York, as trustee (the "Trustee"), as heretofore amended and supplemented by the fourth supplemental indenture dated as of August 15, 2002 (the "Fourth Supplemental Indenture") (the Base Indenture, as so amended and as supplemented, being referred to herein as the "Indenture"). This opinion is being furnished to you pursuant to the Underwriting Agreement. Terms defined in the Underwriting 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 and the Prospectus. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such documents and records and have made such investigation of fact and such examination of law as we have deemed appropriate in order to enable us to render the opinions set forth herein. In conducting such investigation, we have relied, without independent verification, upon certificates of officers of the Company, public officials and other appropriate persons.

In rendering the opinions set forth below, we have relied without independent investigation upon the opinions to you dated the date hereof of Sheila M. McDevitt, Esq., General Counsel of the Company, and Palmer & Dodge LLP, counsel to the Company, with respect to certain matters governed by the law of the State of Florida, including the due

incorporation and good standing of the Company and the due authorization, execution and delivery by the Company of the Indenture and the Notes.

We express no opinion as to the laws of any jurisdiction other than those of the federal laws of the United States of America and the State of New York.

Based upon the foregoing and subject to the additional qualifications set forth below, we are of the opinion that:

1. Subject to the qualifications set forth in the unnumbered paragraphs below, the Indenture constitutes a legal, valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms.

2. Subject to the qualifications set forth in the unnumbered paragraphs below and assuming the due authentication and delivery of the Notes by the Trustee in accordance with the terms of the Indenture and the payment therefor in accordance with the terms of the Underwriting Agreement, the Notes constitute legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their terms.

Our opinions that the Indenture and the Notes constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, is subject to (a) bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and secured parties and (b) general principles of equity, regardless of whether enforcement is sought in proceedings in equity or at law.

The opinions expressed herein are also subject to the qualification that the enforceability of provisions in the Indenture and Notes providing for indemnification or contribution may be limited by public policy considerations. In addition, we express no opinion as to (a) the extent to which broadly worded waivers may be enforced, (b) the enforceability of any provision of the Notes or Indenture that provides for interest on interest or automatic compounding of interest, or (c) the extent to which provisions providing for conclusive presumptions or determinations, non-effectiveness of oral modifications, arbitration, submission to jurisdiction, waiver of or consent to service of process and venue or waiver of offset or defenses will be enforced. The opinions expressed herein do not purport to cover, and we express no opinion with respect to the applicability of, Section 548 of the federal Bankruptcy Code or any comparable provision of state law.

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 Underwriters 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 the date thereof, complied as to form in all material respects with the requirements of the Securities Act of 1933, as amended, and the published rules and regulations of the Securities and Exchange Commission thereunder. Further, based upon such participation and information, 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 a 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 the date thereof 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 or accounting nature set forth or referred to in the Registration Statement or the Prospectus. In addition, we express no belief as to the Forms T-1 filed with the Registration Statement or any of the information set forth or referred to therein.

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 or Prospectus.

This opinion is furnished by us to you and is solely for your benefit, except that Palmer & Dodge LLP may rely upon our opinions in the numbered paragraphs above in rendering their opinion to the Trustee at the closing.

Very truly yours,

Ropes & Gray

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
August 26, 2002

TAMPA ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

Florida	**1-5007**	**59-0475140**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

702 North Franklin Street, Tampa Florida 33602
(Address of principal executive offices and zip code)

(813) 228-4111
(Registrant's telephone number, including area code)

Item 5. Other

In order to furnish certain exhibits for incorporation by reference into the Registration Statement on Form S-3 of Tampa Electric Company previously filed with Securities and Exchange Commission (File No. 333-91602), which Registration Statement was declared effective by the Commission on July 19, 2002, Tampa Electric Company is filing a Fourth Supplemental Indenture dated as of August 15, 2002 between Tampa Electric Company and The Bank of New York as Exhibit 4.2 to such Registration Statement, the 5.375% Notes Due 2007 as Exhibit 4.3 to such Registration Statement, and the 6.375% Notes Due 2012 as Exhibit 4.4 to such Registration Statement.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits.

(c) Exhibits.

4.2	Fourth Supplemental Indenture dated as of August 15, 2002 by and between Tampa Electric Company and The Bank of New York. Filed herewith.
4.3	5.375% Notes due 2007. Filed herewith.
4.4	6.375% Notes due 2012. Filed herewith.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 26, 2002

TAMPA ELECTRIC COMPANY

By: _____

Gordon L. Gillette
Senior Vice President—Finance and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
4.2	Fourth Supplemental Indenture dated as of August 15, 2002 by and between Tampa Electric Company and The Bank of New York. Filed herewith.
4.3	5.375% Notes due 2007. Filed herewith.
4.4	6.375% Notes due 2012. Filed herewith.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

X Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2002

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 No.	Exact name of each Registrant as specified in its charter, state of incorporation, address of principal executive offices, telephone number	I.R.S. Employer Identification Number
1-8180	**TECO ENERGY, INC.** (a Florida Corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-4111	**59-2052286**
1-5007	**TAMPA ELECTRIC COMPANY** (a Florida Corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-4111	**59-0475140**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
TECO Energy, Inc.	
Common Stock, $1.00 par value	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange
Equity Security Units	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrants (1) have 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) have 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 registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

Indicate by check mark whether TECO Energy, Inc. is an accelerated filer (as defined in Exchange Act Rule 12b-2).
YES [X] NO [ ]

Indicate by check mark whether Tampa Electric Company is an accelerated filer (as defined in Exchange Act Rule 12b-2). YES [X] NO [ ]

The aggregate market value of TECO Energy, Inc.'s common stock held by nonaffiliates of the registrant as of June 28, 2002 was $3,862,495,376.

(continued)

The aggregate market value of Tampa Electric Company's common stock held by nonaffiliates of the registrant as of June 28, 2002 was zero.

The number of shares of TECO Energy, Inc.'s common stock outstanding as of February 28, 2003 was 176,049,947.

As of February 28, 2003, there were 10 shares of Tampa Electric Company's common stock issued and outstanding, all of which were held, beneficially and of record, by TECO Energy, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement relating to the 2003 Annual Meeting of Shareholders of TECO Energy, Inc. are incorporated by reference into Part III.

Tampa Electric Company 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.

This combined Form 10-K represents separate filings by TECO Energy, Inc. and Tampa Electric Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Tampa Electric Company makes no representations as to the information relating to TECO Energy, Inc.'s other operations.

PART I

Item 1. BUSINESS.

TECO ENERGY

TECO Energy, Inc. (TECO Energy) was incorporated in Florida in 1981 as part of a restructuring in which it became the parent corporation of Tampa Electric Company. TECO Energy and its subsidiaries had 6,319 employees as of Dec. 31, 2002.

TECO Energy makes its SEC filings (Form 10-K, 10-Q and 8-K, and any amendments to those reports) and other information available free of charge on its web site as soon as reasonably practical after it has been electronically filed with the SEC. This information is available at the Investor Relations page of TECO Energy's web site at www.tecoenergy.com.

TECO Energy currently owns no operating assets but holds all of the common stock of Tampa Electric Company and directly, or through its subsidiary TECO Diversified, Inc., the other subsidiaries listed below. TECO Energy is a public utility holding company exempt from registration under the Public Utility Holding Company Act of 1935.

TECO Energy operates regulated utility companies and other unregulated businesses. TECO Energy's significant business segments are identified below.

Tampa Electric Company, a Florida corporation and TECO Energy's largest subsidiary, through its Tampa Electric division (Tampa Electric) provides retail electric service to more than 597,000 customers in West Central Florida with a net system generating capability of 3,784 megawatts (MW). Peoples Gas System (PGS), a division of Tampa Electric Company, is engaged in the purchase, distribution and marketing of natural gas for residential, commercial, industrial and electric power generation customers in Florida. With more than 281,000 customers, PGS 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 2002 was 1.3 billion therms.

TECO Transport Corporation, a Florida corporation, owns no operating assets but owns all of the common stock of four subsidiaries which transport, store and transfer coal and other dry-bulk commodities.

TECO Coal Corporation, a Kentucky corporation, owns no operating assets but owns all of the common stock of eight subsidiaries that own mineral rights, and own or operate surface and underground mines, synthetic fuel facilities, and coal processing and loading facilities in eastern Kentucky, Tennessee and southwestern Virginia.

TECO Power Services Corporation (TPS), a Florida corporation, has subsidiaries that have interests in independent power projects in Florida, Virginia, Hawaii, Arkansas, Mississippi, Texas, Arizona and Guatemala, and has investments in unconsolidated affiliates that participate in independent power projects and electric distribution in other parts of the U.S. and Guatemala.

TECO Energy's other unregulated companies include TECO Energy Services, Inc. (formerly TECO BGA, Inc. and BCH Mechanical, Inc. and its affiliated companies), TECO Gas Services, Inc., TECO Properties Corporation, Prior Energy Corporation, TECO Propane Ventures, LLC (TPV), TECO Partners, Inc. and TECO Investments, Inc. Except for TECO Investments, these operating companies are organized under TECO Solutions, Inc., a Florida corporation. The TECO Solutions' subsidiaries provide engineering and energy services to customers primarily in Florida; mechanical contracting, air conditioning, electrical and plumbing systems and repair and maintenance services in Florida; and gas management and marketing services to large municipal, industrial and power generation customers throughout the Southeast.

Revenues for TECO Energy's significant business segments follow for the years indicated. For additional financial information regarding TECO Energy's significant business segments, see **Notes to the Consolidated Financial Statements - Note Q, Segment Information.**

Revenues from Continuing Operations

(millions)	*2002*	*2001*	*2000*
Tampa Electric	$ 1,583.2	$ 1,412.7	$ 1,353.8
Peoples Gas System	318.1	352.9	314.5
Total regulated businesses	1,901.3	1,765.6	1,668.3
TECO Power Services	309.8	287.1	199.1
TECO Transport	254.6	274.9	269.8
TECO Coal	317.1	303.4	232.8
Other unregulated businesses	122.1	106.9	81.8
	2,904.9	2,737.9	2,451.8
Other and eliminations	(229.1)	(249.8)	(228.7)
	$ 2,675.8	$ 2,488.1	$ 2,223.1

TECO Coalbed Methane, Inc., an Alabama corporation, had developed jointly with another entity the natural gas potential of Alabama's Black Warrior Basin. In December 2002, TECO Energy sold substantially all of its coalbed methane assets to the Municipal Gas Authority of Georgia. TECO Coalbed Methane's results are accounted for as discontinued operations for all periods reported. Revenues from the discontinued operations of TECO Coalbed Methane were $39.7 million, $55.0 million and $43.0 million for the years ended Dec. 31, 2002, 2001 and 2000, respectively.

TAMPA ELECTRIC--Electric Operations

Tampa Electric Company was incorporated in Florida in 1899 and was reincorporated in 1949. Tampa Electric Company is a public utility operating within the state of Florida. Through its Tampa Electric division, it is engaged in the generation, purchase, transmission, distribution and sale of electric energy. The retail territory served 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, Tampa Electric engages in wholesale sales to utilities and other resellers of electricity. It 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.

Tampa Electric had 2,700 employees as of Dec. 31, 2002, of which 936 were represented by the International Brotherhood of Electrical Workers and 288 were represented by the Office and Professional Employees International Union.

In 2002, approximately 48 percent of Tampa Electric's total operating revenue was derived from residential sales, 29 percent from commercial sales, 10 percent from industrial sales and 13 percent from other sales, including bulk power sales for resale.

The sources of operating revenue and megawatt-hour sales for the years indicated were as follows:

Operating Revenue

(millions)	*2002*	*2001*	*2000*
Residential	$ 753.9	$ 659.8	$ 613.3
Commercial	459.6	409.7	377.1
Industrial-Phosphate	74.3	57.0	61.6
Industrial-Other	83.8	71.8	62.6
Other retail sales of electricity	117.4	103.0	95.0
Sales for resale	67.7	82.4	109.1
Other	26.5	29.0	35.1
	$ 1,583.2	$ 1,412.7	$ 1,353.8

Megawatt-hour Sales

(millions)	*2002*	*2001*	*2000*
Residential	8,046	7,594	7,369
Commercial	5,832	5,685	5,541
Industrial	2,612	2,329	2,390
Other retail sales of electricity	1,435	1,368	1,338
Sales for resale	1,084	1,499	2,564
	19,009	18,475	19,202

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 significant adverse effect on Tampa Electric. IMC-Agrico, a large phosphate producer, is Tampa Electric's largest customer and represents less than 3 percent of Tampa Electric's 2002 base revenues.

Tampa Electric's business is not highly seasonal, but winter peak loads are experienced due to electric heating, 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, quality of service and reliability, 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, plus 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, primarily includes its costs for debt, deferred income taxes at a zero cost rate and an allowed return on common equity. Base rates are determined in FPSC rate setting hearings which occur at irregular intervals at the initiative of Tampa Electric, the FPSC or other parties. See the discussion of the FPSC-approved agreements covering 1995 through 1999 in the **Regulation -- Tampa Electric Rate Stabilization Strategy** section of **Management's Discussion & Analysis of Financial Condition & Results of Operations (MD&A)**.

Since the expiration of the agreements noted above, Tampa Electric is not under a new stipulation. Therefore, its rates and allowed return on equity (ROE) range of 10.75 percent to 12.75 percent with a midpoint of 11.75 percent are in effect until such time as changes are occasioned by an agreement approved by the FPSC or other FPSC actions as a result of rate or other proceedings initiated by Tampa Electric, FPSC staff or other interested parties.

Fuel, purchased power, conservation and certain environmental costs are recovered through levelized monthly charges established pursuant to the FPSC's cost recovery clauses. These charges, which are reset annually in an FPSC proceeding, 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.

In September 2002, Tampa Electric filed with the FPSC for approval of fuel and purchased power, capacity, environmental and conservation cost recovery rates for the period January through December 2003. In November, the FPSC approved Tampa Electric's requested changes. In February 2003, Tampa Electric filed to revise the fuel cost recovery rates for the period April through December 2003 due to higher projected fuel prices. In March 2003, the FPSC approved Tampa Electric's revised rates. See **Regulation -- Cost Recovery Clauses** section of **MD&A**.

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. See the **Regulation -- Federal Energy Regulatory Commission (FERC) Restructuring Initiatives** and **Transmission Rates** sections of **MD&A**.

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 pages 6 through 8.

TECO Transport sells transportation services, and TECO Power Services sells generating capacity and energy, to Tampa Electric and other 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 be disallowed for recovery from Tampa Electric's customers. See the **Regulation -- Utility Competition: Electric** section of **MD&A**. Except for transportation services performed by TECO Transport under the U.S. bulk cargo preference program, the prices charged by TECO Transport to third-party customers are not subject to regulatory oversight. See also **TECO Power Services** on pages 11 and 12.

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 and propane for residential and commercial customers and self-generation which is 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. 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.

In 1999, the FERC approved a market-based sales tariff for Tampa Electric, which allows Tampa Electric to sell excess power at market prices within Florida. The FERC had already approved market-based prices for interstate sales for Tampa Electric and the other investor-owned utilities (IOUs) operating in the state; however, Tampa Electric is the only IOU in the state with intrastate market-based sales authority.

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. For independent power producers, this Act removed certain regulatory barriers and required utilities to transmit power from such producers, utilities and others to wholesale customers as more fully described below.

FERC requires transmission system owners to operate an Open Access Non-discriminatory Transmission, Standard Costs, Same-time Information System (OASIS) 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. This rule works to open access for wholesale power flows on transmission systems and requires utilities such as Tampa Electric, which own transmission facilities, 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 to take transmission service under their own transmission tariffs. To facilitate compliance, owners must maintain Standards of Conduct to ensure that personnel involved in marketing wholesale power are functionally separated from personnel involved in transmission services and reliability functions. Tampa Electric, together with other utilities, has an OASIS system and believes it is in compliance with the Standards of Conduct. See **Regulation - Transmission Rates** section of **MD&A**.

In December 1999, the FERC issued Order No. 2000, dealing with Regional Transmission Organizations (RTOs). This rule is driven by the FERC's continuing effort to effect open access to transmission facilities in large, regional markets. In FERC filings in October and December 2000, Tampa Electric and two of the other IOUs operating in Florida agreed to form an RTO, GridFlorida LLC. As proposed, the RTO would independently control the transmission assets of the filing utilities, as well as other utilities in peninsular Florida that choose to join. The FERC tentatively approved GridFlorida in March 2001, but has not finally ruled on a May 2001 compliance filing of Tampa Electric's and the other two applicants.

In May 2001, the FPSC questioned the prudence of the three filing utilities joining GridFlorida as conditionally approved by FERC. The three utilities requested and the FPSC granted the opening of an accelerated docket regarding the prudence of GridFlorida. In December 2001, the FPSC ruled that, while the three IOUs were prudent in their actions to set up GridFlorida, the FPSC was not satisfied with the transmission owning features of GridFlorida nor with the proposal that any of the filing utilities transfer ownership of their assets to GridFlorida. Accordingly, the FPSC ordered the three IOUs to file a revised, compliance version of GridFlorida reflecting the FPSC's views in the December 2001 order, which was filed with the FPSC in late March 2002. After reviewing the compliance filing, the FPSC issued another order in September 2002 approving in part and setting for further hearing the remaining issues. In October 2002, the State of Florida Office of Public Counsel filed an appeal of the FPSC orders to the Florida Supreme Court. The case is still pending. Tampa Electric continues to take an active role in monitoring and influencing the development of GridFlorida as well as other possible RTOs in the southeast region.

In July 2002, FERC issued a Notice of Proposed Rulemaking on "Standard Market Design" which seeks to develop new rules to remedy remaining undue discrimination in transmission and other industry practices, establish standard market design rules to encourage and facilitate wholesale competition and resolve pending issues related to RTOs and other matters. While that rulemaking has yet to be completed, it has elicited substantial negative reaction from several regions, states, parts of the industry and members of Congress. If enacted as proposed, it would increase competition for generation in the wholesale markets. While FERC indicated it intended to have a final rule in place by 2003, the schedule has been delayed and a new date has not been set.

Florida Governor Jeb Bush established the 2020 Energy Study Commission in 2000 to address several issues by December 2001, including current and future reliability of electric and natural gas supply, emerging energy supply and delivery options, electric industry competition, environmental impacts of energy supply, energy conservation and fiscal impacts of energy supply options on taxpayers and energy providers. The Study Commission completed its efforts and published its final report in December 2001. The Study Commission's final recommendations include, among other things, elimination of barriers to entry for merchant power generators, an open competitive wholesale electric market, transfer of regulated generating assets to unregulated affiliates or sale to others, Florida electric system reliability and consumer protection. No action was taken in the 2002 legislative session with regard to those recommendations. It is unclear at this time when or if any legislation regarding those recommendations will be proposed in future legislative sessions or, if proposed, the likelihood of it being passed.

Fuel

Approximately 95 percent of Tampa Electric's generation of electricity for 2002 was coal-fired, with oil representing approximately 2 percent and natural gas representing approximately 3 percent. Tampa Electric used its generating units to meet approximately 83 percent of the system load requirements with the remaining 17 percent coming from purchased power. A lower level of coal generation as a percentage of total generation is anticipated for 2003 as a result of Gannon's repowering to Bayside Power Station.

Tampa Electric's average delivered fuel cost per million Btu and average delivered cost per ton of coal burned have been as follows:

Average cost per million Btu:	*2002*	*2001*	*2000*	*1999*	*1998*
Coal	$ 1.93	$ 2.06	$ 1.92	$ 2.00	$ 1.99
Oil	$ 5.33	$ 5.79	$ 5.33	$ 3.09	$ 3.14
Gas (Natural)	$ 5.86	$ 4.84	$ 5.49	--	--
Composite	$ 2.11	$ 2.19	$ 2.07	$ 2.03	$ 2.03
Average cost per ton of coal burned	$ 45.04	$ 47.53	$ 44.36	$ 44.63	$ 44.44

Tampa Electric's generating stations burn fuels as follows: Gannon Station burns low-sulfur coal and No. 2 fuel oil; Big Bend Station, which has sulfur dioxide scrubber capabilities, burns a combination of low-sulfur coal, petroleum coke and coal of a somewhat higher sulfur content and No. 2 fuel oil; Polk Power Station burns high-sulfur coal, which is gasified and subjected to sulfur and particulate matter removal prior to combustion. natural gas and oil; Hookers Point Station burns low-sulfur oil; and Phillips Station burns oil of a somewhat higher sulfur content.

Coal. Tampa Electric used approximately 7.1 million tons of coal during 2002 and estimates that its coal consumption will be about 6.7 million tons for 2003. During 2002, Tampa Electric purchased approximately 58 percent of its coal under long-term contracts with five suppliers, and approximately 42 percent of its coal in the spot market. Tampa Electric expects to obtain approximately 74 percent of its coal requirements in 2003 under long-term contracts with six suppliers and the remaining 26 percent in the spot market. This temporary change in the balance of long-term versus spot contracts is due to declining spot coal needs at Gannon Station in connection with the repowering to Bayside Power Station. Tampa Electric's remaining long-term 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. For information concerning transportation services and sales of coal by affiliated companies to Tampa Electric, see the **TECO Transport** section on page 13 and the **TECO Coal** section on pages 13 and 14.

In 2002, approximately 59 percent of Tampa Electric's coal supply was deep-mined, approximately 33 percent was surface-mined and the remainder 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 of any future mining laws and regulations.

Oil. Tampa Electric has supply agreements through Dec. 31, 2003 for No. 2 fuel oil for its Polk, Gannon and Big Bend Stations at prices based on Gulf Coast Cargo spot indices. No. 6 fuel oil is purchased on the spot market for its Phillips Stations.

Natural Gas. In early 2003, Tampa Electric will complete its contracts for 60 percent of its expected gas needs for the 2003 summer period. The remaining 40 percent will be procured on the short-term spot market. Tampa Electric has long-term firm transportation capacity in place for its expected needs.

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 give Tampa Electric rights to the use of rights of way and other public property to place its facilities, and are irrevocable and 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. 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; otherwise, based on judicial precedent, Tampa Electric is able to keep its facilities in place subject to reasonable rules and regulations imposed by the municipalities.

Tampa Electric has franchise agreements with 13 incorporated municipalities within its retail service area. These agreements have various expiration dates ranging from November 2005 to March 2021.

Franchise fees payable by Tampa Electric, which totaled $27.3 million in 2002, are calculated using a formula based primarily on electric revenues and are collected on customers' bills.

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 state or county rights-of-way granted by the Florida Department of Transportation or 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 Polk and Pasco counties expire in 2004 and 2023, respectively.

Environmental Matters

Consent Decree

Tampa Electric Company, in cooperation with the Environmental Protection Agency (EPA) and the U.S. Department of Justice, signed a Consent Decree which became effective October 5, 2000, and a Consent Final Judgment with the Florida Department of Environmental Protection (FDEP), effective December 7, 1999. Pursuant to these agreements, allegations of violations of New Source Review requirements of the Clean Air Act were resolved, provision was made for environmental controls and pollution reductions, and Tampa Electric began implementing a comprehensive program that will dramatically decrease emissions from the company's power plants.

The emission reduction requirements included specific detail with respect to the availability of flue gas desulfurization systems (scrubbers) to help reduce sulfur dioxide (SO2), projects for nitrogen oxide (NOx) reduction efforts on Big Bend Units 1 through 4, and the repowering of the coal-fired Gannon Station to natural gas. When these units are repowered, the station will be renamed the Bayside Power Station and will have total station capacity of about 1,800 megawatts (nominal) of natural gas-fueled electric generation. Tampa Electric anticipates commercial operation for the first repowered Bayside unit by May 1, 2003. The repowering of the second unit is scheduled for completion by May 1, 2004. By May 1, 2005, Tampa Electric must decide whether to install NOx controls, repower, or shutdown Big Bend Unit 4, and it must implement the chosen methodology by June 1, 2007. By May 1, 2007, Tampa Electric will decide whether to install NOx controls, repower, or shutdown Big Bend Units 1, 2 and 3 and it must implement the chosen methodology beginning in 2008. Tampa Electric's capital investment forecast includes amounts in the 2006 and 2007 period for compliance with the NOx reduction requirements.

Emission Reductions

Since 1998, Tampa Electric has reduced annual SO2, NOx, and particulate matter (PM) emissions from its facilities by 105,418 tons, 11,206 tons, and 1,113 tons, respectively.

Reductions in SO2 emissions were primarily accomplished through the installation of scrubber systems on Big Bend Units 1 and 2. Big Bend Unit 4 was originally constructed with a scrubber. The Big Bend Unit 4 scrubber system was modified in 1994 to allow it to scrub emissions from Big Bend Unit 3. Currently, the scrubbers at Big Bend Station remove more than 95 percent of the SO2 emissions from the flue gas streams. In addition, reductions in NOx have been accomplished through combustion tuning and optimization projects at Big Bend and Gannon Stations.

Particulate matter (PM) is controlled at Big Bend and Gannon Stations through the use of electrostatic precipitators, which remove more than 99.9 percent of the PM generated during the combustion process.

Significant reductions in emissions outlined in the consent decree and consent final judgment will result from the ongoing repowering of the Gannon to Bayside Power Station and, should Tampa Electric decide to continue to burn coal, the installation of additional NOx emissions controls on all Big Bend Units. By 2010, these projects will result in the additional phased reduction of SO2 by 47,467 tons per year, NOx by 50,488 tons per year, and PM by 1,981 tons per year. In total, Tampa Electric's emission reduction initiatives will result in the reduction of SO2, NOx, and PM emissions by 87 percent, 89 percent, and 60 percent, respectively, below 1998 levels. With these improvements in place, Tampa Electric's facilities will meet the same standards required of new power generating facilities and help to significantly enhance the quality of the air in the community.

In November 2000, the FPSC approved recovery, through the Environmental Cost Recovery Clause of costs incurred to improve the availability and removal efficiency for its Big Bend 1, 2 and 3 scrubbers, to reduce PM emissions, and for early NOx emissions reduction projects. The approved cost recovery for these various environmental projects through customers' bills began in January 2001.

Superfund and Former Manufactured Gas Plant Sites

Tampa Electric Company, through its Tampa Electric and Peoples Gas divisions, is a potentially responsible party for certain superfund sites and, through its Peoples Gas 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, as of December 31, 2002, Tampa Electric Company has estimated its ultimate financial liability to be approximately $20 million, and this amount has been reflected in the consolidated financial statements. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are recoverable through rates and are not expected to have a significant impact on customer prices.

The estimated amounts represent only the estimated portion of the cleanup costs attributable to Tampa Electric Company. The estimates to perform the work are based on actual estimates obtained from contractors or Tampa Electric Company's experience with similar work adjusted for site specific conditions and agreements with the respective governmental agencies. The estimates are made in current dollars, are not discounted and do not assume any insurance recoveries.

Allocation of the responsibility for remediation costs among Tampa Electric Company and other potentially responsible parties (PRPs) is based on each parties' relative ownership interest in or usage of a site. Accordingly, Tampa Electric Company's share of remediation costs varies with each site. In virtually all instances where other PRPs are involved, those PRPs are considered creditworthy.

Factors that could impact these estimates include the ability of other PRPs to pay their pro rata portion of the cleanup costs, additional testing and investigation which could expand the scope of the cleanup activities, additional liability that might arise from the cleanup activities themselves or changes in laws or regulations that could require additional remediation. These costs are recoverable through customer rates established in subsequent base rate proceedings.

Expenditures

During the five years ended Dec. 31, 2002, Tampa Electric spent $141.7 million excluding the Gannon repowering, on capital additions to meet environmental requirements, including $20.3 million at the Polk Power Station and approximately $83 million to install a new scrubber system at Big Bend Units 1 and 2 to meet Phase 2 SO2 emissions reduction requirements

under the Clean Air Act Amendments of 1990. Tampa Electric spent an estimated $9.4 million in 2002 on environmental projects. Environmental expenditures are estimated at $4.9 million for 2003 and $20 million in total for 2004 through 2007. These totals exclude amounts required to comply with the EPA Consent Decree, which are discussed above.

In 2002, Tampa Electric spent approximately $9.4 million for compliance with EPA consent decree requirements at Big Bend Station for reduction of NOx and PM emissions and to improve the scrubber systems to reduce SO2 emissions. Should Tampa Electric choose to continue to burn coal at Big Bend Station, approximately $127.8 million will be spent during 2003 through 2007 for further reduction of NOx emissions. Estimated expenditures for the continued improvement of electrostatic precipitators for PM emissions reductions are $4.3 million during 2003 through 2007. Tampa Electric has also spent $550.0 million, excluding allowance for funds used during construction (AFUDC) and dismantlement, on projects leading to the repowering of the company's coal-fired Gannon Station to fire natural gas, to meet the EPA Consent Decree condition of eliminating coal firing at Gannon Station.

PEOPLES GAS SYSTEM--Gas Operations

Peoples Gas System (PGS) operates as the Peoples Gas System division of Tampa Electric Company. PGS is engaged in the purchase, distribution and sale of natural gas for residential, commercial, industrial and electric power generation customers in the State of Florida.

PGS uses three interstate pipelines to receive gas for sale or other delivery to customers connected to its distribution system. PGS does not engage in the exploration for or production of natural gas. PGS operates a natural gas distribution system that serves over 281,000 customers. The system includes approximately 9,000 miles of mains and over 4,500 miles of service lines. (See **Franchise** section on page 10 for a list of service areas.)

In 2002, the total throughput for PGS was 1.3 billion therms. Of this total throughput, 12 percent was gas purchased and resold to retail customers by PGS, 74 percent was third party supplied gas delivered for retail customers, and 14 percent was gas sold off-system. Industrial and power generation customers consumed approximately 70 percent of PGS' annual therm volume, commercial customers used approximately 25 percent and the balance was consumed by residential customers.

While the residential market represents only a small percentage of total therm volume, residential operations generally comprise 25 percent of total revenues. New residential construction including natural gas 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 technology.

Within the PGS operating territory, large cogeneration facilities utilize gas-fired technology in the production of electric power and steam. Over the past three years, the company has transported, on average, about 299 million therms annually to facilities involved in cogeneration.

Revenues and therms for PGS for the years ended Dec. 31, are as follows:

	Revenues			*Therms*		
(millions)	*2002*	*2001*	*2000*	*2002*	*2001*	*2000*
Residential	$ 76.6	$ 88.2	$ 73.2	60.2	58.8	57.6
Commercial	122.3	163.6	145.8	327.6	308.9	292.1
Industrial	80.3	50.7	51.7	423.8	346.5	374.1
Power Generation	11.4	11.3	10.7	492.6	403.5	418.6
Other revenues	27.5	39.1	33.0	--	--	--
Total	$ 318.1	$ 352.9	$ 314.4	1,304.2	1,117.7	1,142.4

PGS had 635 employees as of Dec. 31, 2002. A total of 71 employees in six of PGS' 15 operating divisions are represented by various union organizations.

Regulation

The operations of PGS are regulated by the FPSC separate from the regulation of Tampa Electric's electric operations. The FPSC has jurisdiction over rates, service, issuance of securities, safety, accounting and depreciation practices and other matters.

In general, the FPSC sets rates at a level that allows a utility such as PGS to collect total revenues (revenue requirements) equal to its cost of providing service, plus a reasonable return on invested capital.

The basic costs of providing natural gas service, other than the costs of purchased gas and interstate pipeline capacity, are recovered through base rates. Base rates 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, primarily includes its cost for debt, deferred income taxes at a zero cost rate, and an allowed return on common equity. Base rates are determined in FPSC proceedings which occur at irregular intervals at the initiative of PGS, the FPSC or other parties.

On June 27, 2002, PGS requested a $22.6 million annual base revenue increase. On Dec. 17, 2002, the FPSC authorized PGS to increase annual base revenues by $12.05 million. The new rates allow for a return on equity range of 10.25 to 12.25 percent with an 11.25 percent midpoint, which is the same as its previously allowed return on equity, and a capital structure of 57.43 percent equity. The increase went into effect on Jan. 16, 2003. Since its last rate increase 10 years ago, PGS has added more than 100,000 customers and expanded its pipeline system from 5,000 miles to 9,000 miles.

PGS recovers the costs it pays for gas supply and interstate transportation for system supply through the Purchased Gas Adjustment (PGA) clause. 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 are adjusted monthly based on a cap approved annually in an FPSC hearing. The cap is 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. For a description of the most recent adjustment, see the **Regulation - Cost Recovery Clauses** section of **MD&A**.

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 PGS in developing and implementing energy conservation programs, which are mandated by Florida law and approved and supervised by the FPSC. PGS is permitted to recover, on a dollar-for-dollar basis, expenditures made in connection with these programs if it demonstrates that the programs are cost effective for its ratepayers.

In February 2000, the FPSC approved a rule that required natural gas utilities to offer transportation-only service to all non-residential customers. The net result of the unbundling is a shift from commodity sales to transportation sales. PGS continues to receive its base rate for distribution regardless of whether a customer decided to opt for transportation-only service or continue bundled service. PGS had over 9,500 transportation customers as of Dec. 31, 2002.

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, 192 and 199, 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, including electricity. In general, PGS faces competition from other energy source suppliers offering fuel oil, electricity and in some cases, propane. PGS has taken actions to retain and expand its commodity and transportation business, including managing costs and providing high quality service to customers.

In Florida, gas service is unbundled for all non-residential customers. In November 2000, PGS implemented its "NaturalChoice" program offering unbundled transportation service to all eligible customers. This means that non-residential customers can purchase commodity gas from a third party but continue to pay PGS for the transportation of the gas.

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 alternate fuels or transport gas through other facilities, thereby bypassing PGS facilities. In response to this competition, PGS has developed various programs, including the provision of transportation services at discounted rates. See the **Regulation - Utility Competition:Gas** section of **MD&A**.

Gas Supplies

PGS purchases gas from various suppliers depending on the needs of its customers. The gas is delivered to the PGS distribution system through three interstate pipelines on which PGS has reserved firm transportation capacity for delivery by PGS to its customers.

Gas is delivered by Florida Gas Transmission Company (FGT) through more than 56 interconnections (gate stations) serving PGS' operating divisions. In addition, PGS' Jacksonville Division receives gas delivered by the South Georgia Natural Gas Company (South Georgia) pipeline through two gate stations located northwest of Jacksonville.

In May 2002, Gulfstream Natural Gas Pipeline initiated service and is the first new pipeline serving peninsular Florida since 1959. PGS entered into a service agreement for capacity in 2002 and plans to bring gas from the Gulfstream pipeline into its system at four locations by the end of 2003.

Companies with firm pipeline capacity receive priority in scheduling 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 commodity customers, except during localized emergencies affecting the PGS distribution system and on abnormally cold days.

Firm transportation rights on an interstate pipeline represent a right to use the amount of the capacity reserved for transportation of gas 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 volumetrically-based usage charge for the amount of the capacity actually used. The levels of the reservation and usage charges are regulated by FERC. PGS actively markets any excess capacity available on a day-to-day basis to partially offset costs recovered through the Purchased Gas Adjustment Clause.

PGS procures natural gas supplies using base load and swing supply contracts with various suppliers 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.

Neither PGS nor any of the interconnected interstate pipelines have storage facilities in Florida. PGS occasionally faces situations when the demands of all of its customers for the delivery of gas cannot be met. 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, or at a published index price, and in either case pays the customer for charges incurred for interstate pipeline transportation to the PGS system.

Franchises

PGS holds franchise and other rights with approximately 100 municipalities throughout Florida. These include the cities of Lakeland, Jacksonville, Daytona Beach, Eustis, Fort Myers, Ocala, Brooksville, Orlando, Tampa, St. Petersburg, Sarasota, Avon Park, Frostproof, Palm Beach Gardens, Pompano Beach, Fort Lauderdale, Hollywood, North Miami, Miami Beach, Miami, and Panama City. These franchises give PGS a right to occupy municipal rights-of-way within the franchise area. 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. Several franchises contain purchase options with respect to the purchase of PGS' property located in the franchise area, if the franchise is not renewed; otherwise, based on judicial precedent, PGS is able to keep its facilities in place subject to reasonable rules and regulations imposed by the municipalities.

PGS' franchise agreements with the incorporated municipalities within its service area have various expiration dates ranging from June 2003 through April 2031.

In March 2000, the City of Lakeland (City) filed suit against PGS and sought a declaration that it had the right to purchase PGS facilities located within the city limits. In October 2002, the City decided that it no longer desired to pursue owning the gas utility in Lakeland and agreed to voluntarily dismiss the lawsuit. The City and PGS entered into a new 10-year franchise agreement, similar in terms and conditions to the majority of the agreements PGS has with other municipalities.

Franchise fees payable by PGS, which totaled $6.2 million in 2002, are calculated using various formulas which are based principally on natural gas revenues. Franchise fees are collected from only those customers within each franchise area.

Utility operations in areas outside of incorporated municipalities are conducted in each case under one or more permits to use state or county rights-of-way granted by the Florida Department of Transportation or 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' operations are subject to federal, state and local statutes, rules and regulations relating to the discharge of materials into the environment and the protection of the environment generally that require monitoring, permitting and ongoing expenditures.

Tampa Electric Company is one of several potentially responsible parties for certain superfund sites and, through PGS, for certain superfund and former manufactured gas plant sites. See the previous discussion in the **Environmental Matters** section of **Tampa Electric - Electric Operations** on page 7.

Expenditures. During the five years ended Dec. 31, 2002, PGS has not incurred any material capital expenditures to meet environmental requirements, nor are any anticipated for 2003 through 2007.

TECO POWER SERVICES

TECO Power Services (TPS) has subsidiaries that have interests in independent power projects in Florida, Virginia, Hawaii, Mississippi, Arkansas, Texas, Arizona and Guatemala, and has an investment in an unconsolidated affiliated entity that participates in an independent power project in the Czech Republic. TPS had 398 employees as of Dec. 31, 2002.

Like Tampa Electric, the U.S. operations of TPS are subject to federal, state and local environmental laws and regulations covering air quality, water quality, land use, power plant, substation and transmission line siting, noise and aesthetics, solid waste and other environmental matters.

Hardee Power Partners (Hardee Power), a Florida limited partnership whose general and limited partners are wholly owned subsidiaries of TPS, owns the Hardee Power Station, a 370-megawatt combined cycle electric generating facility located in Hardee County, Florida, which began commercial operation in 1993. In 1993, Hardee Power entered into 20-year power supply agreements for all the capacity and energy of the Hardee Power Station, with Tampa Electric and Seminole Electric Cooperative (Seminole Electric), a Florida electric cooperative that provides wholesale power to ten electric distribution cooperatives. Under the Seminole Electric agreements, Hardee Power agreed to supply Seminole Electric with an additional 145 megawatts of capacity during the first ten years of the contract, which ended on Dec. 31, 2002. This additional capacity was purchased from Tampa Electric's coal-fired Big Bend Unit Four for resale to Seminole Electric. The 75-megawatt capacity expansion completed at Hardee Power Station in May 2000 is expected to serve Tampa Electric through 2012. The expansion consists of a General Electric combustion turbine operating in simple-cycle mode.

TPS owns 100 percent of Central Generadora Electrica San Jose, Ldta. (CGESJ), the owner of a project located in Guatemala, which consists of a single-unit pulverized-coal baseload facility (the San Jose Power Station) including port modifications to accommodate the importation of coal. This facility is the first coal-fueled plant in Central America and meets environmental standards set by the World Bank. In 1996, CGESJ signed a U.S. dollar-denominated power sales agreement (PPA) with Empresa Eléctrica de Guatemala, S.A. (EEGSA), a private distribution and generation company, to provide 120 megawatts of capacity for 15 years beginning in 2000. In 2001, CGESJ signed an option with EEGSA to extend that PPA for five years for approximately $2.5 million. In 2002, CGESJ began to transfer the port assets to Tecnologia Maritima, S.A. (TEMSA), a new TPS wholly-owned subsidiary. This transaction is expected to be completed in the first quarter of 2003. TEMSA, in addition to receiving the coal shipments for CGESJ, will be providing unloading services to third parties. Political risk insurance has been obtained for currency inconvertibility, expropriation and political violence covering up to 100 percent of TPS' equity investment and economic returns.

Tampa Centro Americana de Electricidad, Limitada (TCAE), an entity 96.06-percent owned by TPS Guatemala One, Inc., a subsidiary of TPS and the owners of the Alborada Power Station, have a U.S. dollar-denominated PPA with EEGSA to provide 78 megawatts of capacity for a 15-year period ending in 2010. In 2001, TCAE signed an option with EEGSA to extend that PPA for five years at the end of its current term for approximately $2.9 million. EEGSA is responsible for providing the fuel for the plant, with TPS providing assistance in fuel administration. TPS had originally obtained $29 million of limited recourse financing from OPIC for the Alborada Power Station. In 2002, TCAE paid off its loan with OPIC with a portion of the proceeds from a non-recourse $30 million loan from Banco Industrial, a local bank in Guatemala. Political risk insurance has been obtained for currency inconvertibility, expropriation and political violence covering up to 100 percent of TPS' equity investment and economic returns.

EEGSA serves more than 630,000 customers. EEGSA's service territory includes the capital of Guatemala, Guatemala City. In 1998, a consortium that includes TPS, Iberdrola, an electric utility in Spain, and Electricidade de Portugal, an electric utility in Portugal, completed the purchase of an 80-percent ownership interest in EEGSA for $520 million. TPS owns a 24 percent interest in this consortium and contributed $100 million in equity. The consortium obtained limited-recourse debt financing for a portion of the purchase price. TPS has obtained political risk insurance for currency inconvertibility, expropriation and political violence covering up to 100 percent of TPS' equity investment and economic returns.

In 1998, TM Power Ventures LLC (TMPV) was created by TPS and Mosbacher Power Partners, Ltd. (Mosbacher Power), an independent power company headquartered in Houston, to jointly develop, own and operate domestic and international independent power projects. Under this arrangement, TPS provided capital and technical expertise to Mosbacher Power. In 1998, TPS, through TMPV, made certain loans to two existing projects under development by Mosbacher Power. Also in 1998, TPS, through TMPV, acquired approximately a 13 percent interest in a re-powered independent power project in the Czech Republic (the ECKG project). The facility completed its expansion to a total of 344 megawatts in the first quarter of 2000 and is currently in operation. In 2002, TPS purchased Mosbacher Power's minority ownership interest in TMPV, thereby giving TPS a 100% ownership interest in TMPV. As part of the purchase, TPS received principal and interest due on its loans to Mosbacher Power. Also in 2002, TPS recorded a $5.8 million after-tax charge to adjust the valuation of the investment in the ECKG project in connection with the proposed sale of that investment.

TPS, through TMPV, has a 100-percent economic interest in Commonwealth Chesapeake Power Station (CCC), a 315-megawatt power plant on the Delmarva Peninsula of Virginia. The first phase of 134 megawatts went into service in the third quarter of 2000, and the second phase went into service in August 2001.

In the first quarter of 2001, TPS sold its minority interest in EGI, a Bermuda-based energy development firm. As part of the sale, TPS took an after-tax charge of $6.1 million ($9.3 million pre-tax) to adjust the asset valuation of the investment.

TPS is a 50-percent owner in the Hamakua Energy Project, a 60-megawatt combined cycle cogeneration facility in Hamakua, Hawaii. The facility was constructed and placed into service during 2000. TPS and J.A. Jones Ventures jointly own and operate the project under a 30-year power purchase agreement with Hawaii Electric Light Company.

In September 2000, TPS provided a $93-million investment in the form of a loan related to Panda Energy International's (Panda) Texas Independent Energy Projects (TIE). In February 2002, TPS provided an additional investment in the form of a loan in the amount of $44 million. These loans converted in accordance with their terms into an ownership interest on Jan. 3, 2003. The conversion gives TPS an opportunity for an effective economic interest of up to 75 percent of Panda's 50-percent interest in the aggregate of 2,000-megawatts in these projects. The two projects, known as Guadalupe and Odessa, are located in Texas and operate as gas-fired, combined-cycle units. The projects were brought on line in phases beginning in December 2000, with all the capacity in service in August 2001.

In October 2000, TPS acquired from Genpower LLC full ownership of two independent power projects being developed in Arkansas and Mississippi with combined capacity of the two plants to be nearly 1,200 megawatts. The two 599-megawatt facilities, known as the Dell and McAdams projects, were designed to be natural gas-fired combined-cycle plants. Construction of these two projects was suspended in 2002. Construction on these plants was suspended at the end of 2002 due to low energy prices in the markets that these plants were expected to serve. Market conditions will be monitored to determine when these plans will be completed. At the time of suspension, approximately $690 million had been invested in these plants and TPS estimated at that time that the construction cost to complete these projects would be approximately $100 million. (See the **TECO Power Services-Construction** section of **MD&A**.)

In November 2000, TPS announced a joint venture with Panda to build, own and operate two natural gas power plants located in Arkansas and Arizona, known as the Union and Gila River projects. After taking into account the preferred return, TPS' economic interest in the projects is estimated at 75-percent over the life of the projects. The 2,200-megawatt Union plant in Union County, Arkansas is under construction. The first phase began commercial operation in January 2003, and commercial operation of the entire facility is expected in the second quarter of 2003. It is expected to sell power primarily to utilities and industrial customers in Arkansas, Louisiana, eastern Texas and Mississippi. The other project, in Gila Bend, Arizona, is also under construction. The first phase is expected to begin commercial operation in the second quarter of 2003 with commercial operation of the entire facility in the third quarter of 2003. Electricity from this 2,145-megawatt plant is planned to be sold in Arizona, Southern California, Nevada and New Mexico. In February 2002, TPS entered into an agreement requiring TPS to purchase 100 percent of Panda's interest in the joint venture for $60 million in 2007, unless Panda chooses to remain a partner by canceling the agreement and paying a cancellation fee. (**See Transactions with Related and Certain Other Parties** section of **MD&A**.)

In June 2001, TPS and Panda closed on a bank financing for the Union and Gila River power stations. This $2.175 billion bank financing included $1.675 billion in five-year non-recourse debt and $500 million in equity bridge loans guaranteed by TECO Energy. Equity contributions from the joint venture, which TECO Energy has guaranteed, will be required to fund additional construction costs of up to approximately $62 million. The equity bridge financing must be repaid in four equal installments. The first $125 million installment was paid in October 2002. The second installment is due in April 2003, and the third and fourth payments are due coincident with the conversion of the construction loans to term loans, which is expected shortly after Phase 4 completion (expected in the third quarter of 2003). The TPS equity investment in these projects at commercial operation is expected to be approximately $1.2 billion. (See the **TECO Power Services-Construction** section of **MD&A**.)

In March 2001, TPS acquired American Electric Power's (AEP) Frontera Power Station, located near McAllen, Texas. Frontera is a 477-megawatt natural gas-fired combined-cycle plant. Frontera is capable of selling power domestically, as well as into the Mexican power market, through a direct interconnection with Comision de Federal Electricidad, the Mexican power authority.

Competition and Markets

The power plants that TPS is operating and constructing are located in markets with a history of high load growth. However, the general U.S. economic slowdown in 2001 and 2002 slowed the growth in demand for power in some of these markets. In addition, the slowdown of electricity deregulation initiatives across the U.S., including the markets that TPS will be serving, caused by the failure of deregulation in California, has allowed the traditional, incumbent utilities to continue to operate older, less efficient generating facilities in lieu of purchasing power from newer, more efficient independent power plants. These factors, combined with excess generating capacity that is either being built or has come on line in many markets, has depressed both spot and forward prices. Accordingly, TPS has ceased work on any new power plant developments, and is active in its efforts to mitigate its merchant exposure.

TPS' ultimate long-term strategy for selling the output of these plants is to enter into three- to five-year contracts with load serving entities, or ultimate customers where it is allowed, for up to 50 percent of the output of the plants. TPS would contract another 25 percent of the output in the shorter term (less than one-year market) with the remaining 25 percent sold

in the spot market. In the meantime, until longer-term contracts can be signed, TPS is selling the output of these plants under a mix of spot market sales and shorter-term transactions. The shorter-term transactions are primarily forward sales of on-peak energy at prices reflective of current forward curves. TECO Energy's policy is to balance power contract commitments with necessary purchases of natural gas in order to estimate the margins for such sales at the time of commitment. (See the **TECO Power Services – Energy Markets** section of **MD&A**.)

See the discussion of the risks applicable to TPS in the **Investment Considerations** section of **MD&A**. For financial information about geographic areas, see **Note Q** to the **Consolidated Financial Statements**.

TECO TRANSPORT

TECO Transport owns all of the common stock of four subsidiaries which transport, store and transfer coal and other dry-bulk commodities. These subsidiaries include TECO Ocean Shipping, Inc. (Ocean Shipping, previously Gulfcoast Transit Company), TECO Barge Line, Inc. (TECO Barge, previously Mid-South Towing Company), TECO Bulk Terminal, LLC (Bulk Terminal, previously Electro-Coal Transfer, LLC) and TECO Towing Company. TECO Transport currently owns no operating assets. TECO Transport and its subsidiaries had 997 employees as of Dec. 31, 2002.

TECO Transport's subsidiaries perform substantial services for Tampa Electric. In 2002, approximately 57 percent of TECO Transport's revenues were from third-party customers and approximately 43 percent were from Tampa Electric. The pricing for services performed by TECO Transport's operating companies for Tampa Electric is based on a fixed-price per ton, generally adjusted quarterly for changes in certain fuel and price indices. Most of the third-party utilization of the ocean-going barges is for domestic and international movements of other dry-bulk commodities and domestic phosphate movements. Both the terminal and river transport operations handle a variety of dry-bulk commodities for third party customers.

A substantial portion of TECO Transport's business is dependent upon Tampa Electric, phosphate customers, steel industry customers, grain customers, coal and petroleum coke customers, and participation in the U.S. Government's cargo preference programs.

Ocean Shipping transports products in the Gulf of Mexico and worldwide, and TECO Barge operates on the Mississippi, Ohio and Illinois rivers and their tributaries. Their primary competitors are other barge and shipping lines and railroads, as well as a number of other companies offering transportation services on the waterways used by TECO Transport's subsidiaries. Ocean Shipping is the largest US flag coastwise bulk operator based on capacity, while TECO Barge is in the top ten, based on number of barges, of companies in its business. To date, physical and technological improvements have allowed ship and barge operators to maintain competitive rate structures with alternate methods of transporting bulk commodities when the origin and destination of such shipments are contiguous to navigable waterways.

Bulk Terminal operates the largest major transfer and storage terminal on the Gulf coast. Demand for the use of such terminals is dependent upon customers' use of water transportation versus alternate means of moving bulk commodities and the demand for these commodities. Competition consists primarily of mid-stream operators and other land-based terminals.

Competition within TECO Transport's markets is based primarily on geographic markets served, pricing, and service level. The majority of the ocean and all of the river business is subject to the Jones Act, which prohibits the use of non-US flag vessels for movement between US ports.

The business of TECO Transport's subsidiaries, taken as a whole, is not subject to significant seasonal fluctuation, but is sensitive to economic conditions.

The Interstate Commerce Act exempts from regulation water transportation of certain dry-bulk commodities. In 2002, all transportation services provided by TECO Transport's subsidiaries were within this exemption.

TECO Transport's subsidiaries are subject to the provisions of the Clean Water Act of 1977 which authorizes the Coast Guard and the EPA to assess penalties for oil and hazardous substance discharges. Under this Act, these agencies are also empowered to assess clean-up costs for such discharges. In 2002, TECO Transport spent $0.2 million for environmental compliance. Environmental expenditures are estimated at $0.3 million in 2003, primarily for work on solid waste disposal and storm water drainage at the Bulk Terminal facility in Louisiana and for expenses related to oil and bilge water disposal at its river-barge repair facility in Illinois.

TECO COAL

TECO Coal owns no operating assets but holds all of the common stock of Gatliff Coal Company, Rich Mountain Coal Company, Clintwood Elkhorn Mining Company, Pike-Letcher Land Company, Premier Elkhorn Coal Company, Bear Branch Coal Company and Perry County Coal Corporation. The TECO Coal subsidiaries own or control mineral rights, and own or operate surface and underground mines, synthetic fuel facilities and coal processing and loading facilities in eastern Kentucky, Virginia and Tennessee. TECO Coal intends to sell the majority of its interest in the synthetic fuel production facilities in 2003, but retain responsibility for operating the facilities. (See the **Strategy and Outlook** section of **MD&A**.)

TECO Coal and its subsidiaries had 676 employees as of Dec. 31, 2002.

In 2002, TECO Coal subsidiaries sold 9.4 million tons of coal, with approximately 99 percent, or 9.3 million tons, sold to parties other than Tampa Electric. Of the total sold, 3.8 million tons were produced and sold as synthetic fuel.

In November 2000, TECO Coal acquired Perry County Coal Corporation, which owns or controls in excess of 21 million tons of low sulfur reserves and operates both deep and surface contract mines along with a preparation plant and two loadouts. Perry County produced and sold 2.4 million tons of coal in 2002.

In January 2000, TECO Coal purchased synthetic fuel (synfuel) facilities which were relocated to the Premier Elkhorn and Clintwood Elkhorn mines. The 3.8 million tons of synfuel produced in 2002 replaced some of TECO Coal's conventional coal production in 2002. Sales of the fuel processed through these types of facilities are eligible for non-conventional fuels tax credits under Section 29 of the Internal Revenue Code, which are available through 2007. TECO Coal received a Private Letter Ruling from the Internal Revenue Service confirming that the facilities produce a qualified fuel eligible for Section 29 tax credits available for the production of such non-conventional fuels.

The Section 29 tax credit is determined annually and is estimated to be $1.08 per million Btu in 2002, and was $1.08 per million Btu in 2001 and $1.06 per million Btu in 2000. This rate escalates with inflation but could be limited by domestic oil prices. In 2002, domestic oil prices would have had to exceed $49 per barrel for the limitation to have been effective. In 2002, TECO Coal's Section 29 tax credits were $107.3 million, compared to $86.2 million in 2001 and $52.1 million in 2000.

Primary competitors of TECO Coal's subsidiaries are other coal suppliers, many of which are located in Central Appalachia. To date, TECO Coal has been able to compete for coal sales by mining high-quality steam and specialty coals and by effectively managing production and processing costs.

The operations of underground mines, including all related surface facilities, are subject to the Federal Coal Mine Safety and Health Act of 1977. TECO Coal's subsidiaries are also subject to various Kentucky, Tennessee and Virginia mining laws which require approval of roof control, ventilation, dust control and other facets of the coal mining business. Federal and state inspectors inspect the mines to ensure compliance with these laws. TECO Coal believes it is in substantial compliance with the standards of the various enforcement agencies. It is unaware of any mining laws or regulations that would materially affect the market price of coal sold by its subsidiaries.

TECO Coal's subsidiaries are subject to various federal, state and local air and water pollution standards in their mining operations. In 2002, TECO Coal spent approximately $4.5 million on environmental protection and reclamation programs. TECO Coal expects to spend a similar amount in 2003 on these programs.

Coal mining operations are also subject to the Surface Mining Control and Reclamation Act of 1977 which places a charge of $0.15 and $0.35 on every net ton of underground and surface coal mined, respectively, to create a fund for reclaiming land and water adversely affected by past coal mining. Other provisions establish standards for the control of environmental effects and reclamation of surface coal mining and the surface effects of underground coal mining and requirements for federal and state inspections.

TECO SOLUTIONS

TECO Solutions was formed to support TECO Energy's strategy of offering customers (primarily in Florida) a comprehensive and competitive package of energy services and products, including energy-efficient engineering and construction and gas management services. Operating companies under TECO Solutions include TECO Energy Services, Inc. (formerly TECO BGA, Inc. and BCH Mechanical, Inc. and its affiliated companies), Prior Energy Corporation, TECO Gas Services Inc., TECO Properties Corporation, TECO Propane Ventures LLC (TPV) and TECO Partners, Inc., with total employees of 714 as of Dec. 31, 2002.

TECO Energy Services is comprised of TECO BGA and BCH Mechanical and its affiliated companies (BCH). TECO BGA is an engineering energy services company headquartered in Tampa. It has six offices in Florida and one in California. It provides engineering, construction management and energy services to more than 300 customers, including public schools, universities, health care facilities and other governmental facilities throughout Florida and California.

BCH, one of Florida's leading mechanical contracting firms, is headquartered in Largo, Florida and has offices in Cocoa Beach and Ft. Lauderdale. It provides air-conditioning, electrical and plumbing systems, and repair and maintenance services to more than 750 institutional and commercial customers throughout Florida.

Prior Energy, a leading natural gas management company, is headquartered in Mobile, Alabama and serves customers throughout the Southeast. Prior Energy handles all facets of natural gas energy management services for large industrial, power generation utilities, municipal and other governmental agency customers, including natural gas acquisition and supply management, transportation management, asset management and consulting services. Prior Energy owns no operating assets.

TECO Gas Services provides gas management and marketing services similar to Prior Energy for large municipal, industrial, commercial and cogeneration facilities primarily in Florida. TECO Gas Services has provided gas management services for an increasing customer base as Peoples Gas System makes its "NaturalChoice" option for unbundled service available to more non-residential customers. TECO Gas Services owns no operating assets.

TPV holds TECO Energy's propane business investment. In 2000, TECO Energy combined its propane operations with three other southeastern propane companies to form U.S. Propane. In a series of transactions, U.S. Propane combined with Heritage Holdings, Inc. As a result, TPV owns a 38-percent interest in the general partner that manages Heritage Propane Partners, L.P. (NYSE:HPG) and that general partner owns an approximate 29-percent limited partnership interest in Heritage Propane Partners, L.P. TPV owns no operating assets.

TECO COALBED METHANE

TECO Coalbed Methane had developed jointly with another entity the natural gas potential of Alabama's Black Warrior Basin.

Production from TECO Coalbed Methane's reserves was eligible for Section 29 non-conventional fuels tax credits through 2002. The credit is estimated to be $1.10 per million Btu for 2002 and was $1.08 per million Btu in 2001 and $1.06 per million Btu in 2000. This rate escalated with inflation but could be limited by domestic oil prices. In 2002, domestic oil prices would have had to exceed $49 per barrel for this limitation to have been effective. In 2002, TECO Coalbed Methane's Section 29 tax credits were $15.9 million, compared to $16.1 million in 2001. TECO Coalbed Methane's operations are subject to federal, state and local regulations for air emissions and water and waste disposal.

In September 2002, TECO Energy initiated activities to sell the TECO Coalbed Methane gas assets. That sale was substantially completed in December 2002 to the Municipal Gas Authority of Georgia. Proceeds for the sale were $140 million, of which $42 million was paid in cash at closing and $98 million was paid in January 2003. TECO Coalbed Methane's results are accounted for as discontinued operations for all periods reported.

Item 2. PROPERTIES.

TECO Energy believes that the physical properties of its operating companies are adequate to carry on their businesses as currently conducted. The properties of Tampa Electric and the subsidiaries of TECO Power Services are generally subject to liens securing long-term debt.

TAMPA ELECTRIC

At Dec. 31, 2002, Tampa Electric had five electric generating plants and five combustion turbine units in service with a total net winter generating capability of 3,784 megawatts, including Big Bend (1,759-MW capability from four coal units), Gannon (1,107-MW capability from six coal units), Hookers Point (90-MW capability from five oil units), Phillips (37-MW capability from two diesel units), Polk (260-MW capability from one integrated gasification combined cycle (IGCC) unit)) and three combustion turbine units (CTs) located at the Big Bend (165-MW) and two CTs at Polk (360-MW). Additionally, Tampa Electric has 6-MW of generating capability from generation units located at the Howard Curren Advanced Waste Water Treatment Plant in the City of Tampa. Tampa Electric also leases various distributive generation units (50-MW) at Hookers Point. 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 and was retired from service in January 2003. Hookers Point Station's Unit 5 (67-MW) was placed on long-term standby in January 2001. All units at Hookers Point were retired from service in January 2003.

Engineering for repowering Gannon Station began in 2000 (see the **Environmental Compliance** section of **MD&A**), and the company anticipates that commercial operation for the first repowered unit will occur by May 1, 2003. The repowering of an additional unit is scheduled to be completed by May 1, 2004. When these units are repowered, the station will be renamed the Bayside Power Station. Total station capacity is expected to increase to about 1,800 megawatts.

Tampa Electric owns 187 substations having an aggregate transformer capacity of 17,677,068 KVA. The transmission system consists of approximately 1,200 pole miles of high voltage transmission lines, and the distribution system consists of 7,019 pole miles of overhead lines and 3,143 trench miles of underground lines. As of Dec. 31, 2002, there were 597,146 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 is 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 which serves as headquarters for TECO Energy, Tampa Electric and numerous other TECO Energy subsidiaries.

PEOPLES GAS SYSTEM

PGS' distribution system extends throughout the areas it serves in Florida and consists of approximately 13,500 miles of pipe, including approximately 9,000 miles of mains and over 4,500 miles of service lines. Mains and service lines are maintained under rights-of-way, franchises or permits.

PGS' operating divisions are located in fourteen markets throughout Florida. While most of the operations and administrative facilities are owned, a small number are leased.

TECO POWER SERVICES

Hardee Power has a lease for approximately 1,300 acres of land in Hardee and Polk Counties, Florida, on which the Hardee Power Station is located. The lease has a term that runs through 2012 with options to extend the term for up to an additional 20 years.

TM Delmarva, LLC has a 100-percent economic interest in Commonwealth Chesapeake Company, LLC, which owns approximately 105 acres of land outside of New Church, in Accomack County, Virginia on which the 315-megawatt oil-fired single cycle Commonwealth Chesapeake Power Station is located.

TPS Dell, LLC, owns approximately 100 acres in the City of Dell in Mississippi County, Arkansas, on which the 599-megawatt gas-fired combined-cycle Dell electric generation plant has been under construction. TPS McAdams, LLC, owns approximately 210 acres of land in McAdams and Sallis in Attala County, Mississippi, on which the 599-megawatt gas-fired combined cycle McAdams electric generation plant has been under construction. Construction on these projects was suspended at the end of 2002 due to projected low energy prices in the markets these plants were expected to serve. Markets will be monitored to determine when these plants will be completed.

TPS, through its subsidiary TPS Hamakua Land, Inc., has a 50-percent interest in Hamakua Land Partnership, LLP, which owns 140 acres in Hawaii on which the Hamakua Energy Project is located. TPS Guatemala One, Inc. has a 96.06-percent interest in TCAE, which owns 7 acres in Guatemala on which the Alborada Power Station is located. TPS San Jose, LDC has a 100-percent ownership in a project entity, CGESJ, which owns 190 acres in Guatemala on which the San Jose Power Station is located.

Frontera Generation, LP owns 40 acres of land in Hidalgo County, Texas on which the 477-megawatt gas-fired combined cycle Frontera electric generation plant is located.

TPS has a 50-percent ownership interest in TECO-Panda Generating Company, LP, which owns two power plant projects: Union Power Partners, LP and Panda Gila River, LP. Union Power Partners owns 330 acres of land in Union County, Arkansas, on which the approximately 2,200 MW gas-fired combined-cycle Union electric generation plant is under construction. The first 550-megawatt power block of Union began operating in January 2003. Panda Gila River, LP owns approximately 1,099 acres of land in Maricopa County, Arizona, on which the approximately 2,145-megawatt gas-fired combined-cycle Gila River electric generation plant is under construction.

TECO TRANSPORT

TECO Bulk Terminal's storage and transfer terminal is on a 1,070-acre site fronting on the Mississippi River, approximately 40 miles south of New Orleans. Bulk Terminal owns 342 of these acres in fee, with the remainder held under long-term leases.

TECO Barge operates a fleet of 18 towboats and 727 river barges, approximately 69 percent of which it owns, on the Mississippi, Ohio and Illinois rivers. This includes three towboats and 110 covered river barges chartered in March 1998 under a five-year agreement which provides for the acquisition of these assets at the conclusion of the charter term. TECO Barge owns 15 acres of land fronting on the Ohio River at Metropolis, Illinois on which its operating offices, warehouse and repair facilities are located. Fleeting and repair services for its barges and those of other barge lines are performed at this location. Additionally, TECO Barge performs fleeting and supply activities at leased facilities in Cairo, Illinois.

As of Dec. 31, 2002, TECO Ocean Shipping owned and operated a fleet of 10 ocean-going tug/barge units, a 33,500 short ton ocean-going ship, a 40,900 short ton ocean-going ship, and a 41,400 short ton ocean-going ship, with a combined cargo capacity of over 420,000 tons.

TECO COAL

TECO Coal, through its subsidiaries, controls approximately 203,000 acres of coal reserves and mining property in Kentucky, Virginia and Tennessee.

Property

Gatliff Coal Company controls approximately 35,000 acres of coal and mining properties and has operations in Campbell County, Tennessee, as well as in Bell, Knox and Whitley Counties, Kentucky. In eastern Kentucky, Bear Branch Coal Company and Perry County Coal Corporation control 50,000 acres of coal reserves and operate in Perry, Knot and Leslie Counties. Additionally in eastern Kentucky, Premier Elkhorn Coal Company and Pike-Letcher Land Company are located in Letcher and Pike Counties where they control 50,000 acres of properties. Clintwood Elkhorn Mining also operates in Pike County, Kentucky, as well as Buchannan County, Virginia. Clintwood Elkhorn controls 68,000 acres of property.

In situations where property is controlled by lease, the lease terms are sufficient to ensure that the reserves for the associated operation can be mined within the initial lease term. If, however, extensions are necessary, provisions have been made within the original lease, whereby extensions may be granted upon payment of minimum royalties.

Facilities

Coal mined by the operating companies of TECO Coal is processed and shipped from facilities located at each of the operating companies, with Clintwood Elkhorn having two facilities, one at Biggs, Kentucky and one at Hurley, Virginia. The equipment at each facility is in good condition and regularly maintained by qualified personnel. Major expansions are currently on-going at the Perry County Coal facility that will enable the plant to meet the additional production requirements brought about by the opening of the Bear Branch Elkhorn 4-seam underground mine. The following is a summary of the TECO Coal processing facilities.

Company	*Facility*	*Location*	*Railroad Service*	*Utility Service*
Gatliff Coal	Gatliff Plant	Gatliff, KY	CSX Railroad	Cumberland Valley Electric/ Jellico Electric Power
Clintwood Elkhorn	Clintwood #2 Plant	Biggs, KY	Norfolk Southern	American Electric Power
Clintwood Elkhorn	Clintwood #3 Plant	Hurley, VA	Norfolk Southern	American Electric Power
Premier Elkhorn	Burk Branch Plant	Myra, KY	CSX Railroad	American Electric Power
Perry County Coal	Perry County Plant	Hazard, KY	CSX Railroad	American Electric Power

Significant projects initiated in 2002 include: an underground mine at Bear Branch, an underground mine at Premier Elkhorn, and a surface operation at Clintwood Elkhorn.

Coal Reserves

As of Dec. 31, 2002, the TECO Coal operating companies have a combined estimated 224.5 million tons of recoverable reserves, all of which are assigned. The reserves are proven and probable. All of the reserves consist of High Vol A Bituminous coal. Reserves are generally considered to be tonnages that are proven and probable and meet the generally accepted mining criteria including, but not limited to, mining height, preparation plant recovery and strip ratio. These reserves are generally projected to be mined and sold at a profit, based on year-end price and cost levels. When calculating reserves, TECO Coal has assumed the following recovery rates for the various mining methods.

	Mining Recovery Rates
Underground	55%
Contour, Surface	85%
Point Removal/Mt. Top	90%
Auger	30%
Highwall Miner	50%

The following is a summary of the qualities associated with each of the operations.

Company	BTU/lb.	Average Quality % Ash	Average Quality % Sulfur	Assigned Reserves % Owned	Assigned Reserves % Leased	Surface Reserves (000s)	Underground Reserves (000s)	Total Reserves (000s)
Gatliff Coal	14,586	3.84	0.96	0	100	2,700	10,908	13,608
Perry County Coal	14,076	7.74	0.97	0	100	4,703	16,489	21,192
Bear Branch	14,223	6.70	0.99	0	100	--	70,558	70,558
Premier Elkhorn Coal/ Pike Letcher Land (1)	13,976	6.78	1.16	90	10	19,882	55,879	75,761
Clintwood Elkhorn Mining	14,282	7.51	1.06	10	90	12,641	30,785	43,426
Total Reserves	14,159	6.81	1.06			39,926	184,619	224,545

(1) The Premier Elkhorn/Pike Letcher Land reserves were reduced from the 2001 amounts due to unfavorable economic conditions.

The following table shows a further breakdown of product by geographic region with projected market type.

Region/Company	Product	BTU/lb.	% Ash	% Sulfur	Reserves (000s)	% by Region
Eastern Kentucky						
Gatliff Coal	Steam coal	14,586	3.84	0.96	13,608	6.06
Perry County Coal	Steam coal	14,076	7.74	0.97	21,192	9.44
Bear Branch Coal	Steam coal	14,223	6.70	0.99	70,558	31.42
Premier/Pike Letcher Land	Steam coal	13,976	6.78	1.16	75,761	33.74
Clintwood	Steam coal	12,713	13.40	1.08	1,500	0.67
Clintwood	Metallurgical coal	14,429	6.51	1.08	20,626	9.19
					203,245	90.52
Southwestern Virginia						
Clintwood	Steam coal	12,713	13.40	1.08	7,159	4.96
Clintwood	Metallurgical coal	14,621	5.37	1.01	14,141	4.52
					21,300	9.48
Total					224,545	100.00

TECO Coal's reserves are based on over 1,700 data points, including drill holes, prospect measurements, and mine measurements. Reserve classification is determined by evaluation of engineering and geologic information along with economic analysis. These reserves are adjusted periodically to reflect fluctuations in the economics in the market and/or changes in engineering parameters and/or geologic conditions. The information is assembled by qualified geologists and engineers located throughout the company. The information is constantly updated to reflect new data for existing property as well as new acquisitions and depleted reserves. Information is entered into a computer modeling program from which preliminary reserves estimations are generated. Final determinations of reserves are made after in-house geologists have reviewed the computer models and adjusted the grids to better reflect regional trends.

TECO COALBED METHANE

The sale of TECO Coalbed Methane's gas assets was substantially completed in December 2002, and the final proceeds were paid in January 2003. (See **Business - TECO Coalbed Methane** section.) TECO Coalbed Methane's gas production for 2002 was 14.2 billion cubic feet (Bcf), at an effective gas price, including the effect of hedging, of about $2.80 per thousand cubic feet (Mcf) compared to production of 15 Bcf in 2001 at an effective gas price, including the effects of hedging, of about $3.66 Mcf.

Item 3. LEGAL PROCEEDINGS.

TM Power Ventures, LLC ("TMPV") a subsidiary of TECO Power Services Corporation, holds a membership and an ownership interest in Commonwealth Chesapeake Company, L.L.C. ("CCC"), owner of the Commonwealth Chesapeake project located in Virginia on the Delmarva Peninsula ("CCP"). TPS, through TMPV, currently has a 100-percent ownership interest in CCP as a result of TPS' purchase of Mosbacher Power Partners minority interest in TMPV in 2002. (See page 11). TMPV has been arbitrating certain disputes with NCP of Virginia, LLC ("NCP"), a member in CCC. In addition to its membership interest in CCC entitling NCP to a priority distribution in recognition of certain contributions it made to CCP, NCP has an option to acquire up to a 50-percent economic interest in CCP. The arbitration panel issued an interim award finding in favor of NCP on issues it alleged to have adversely affected NCP's ability to find an investor to support the exercise of its option to acquire an ownership interest and establishing as the remedy a buyout of NCP's interests, including its option to acquire the ownership interest, the related terminal value of such ownership, and its right to receive priority distributions. The panel directed the parties to provide information with respect to the value of NCP's interest and file briefs by Feb. 14, 2003 focusing on the appropriate discount rate to apply and changes, if any, to the methodology set out by the panel, with reply briefs to be filed by March 21, 2003. A final award is anticipated to be issued thereafter establishing the buyout price. Based on the language of the interim award and the methodology established for calculating the value of NCP's interest, the Company believes that, if properly calculated, the buyout price will be commercially reasonable and will not have a material impact on the Company's earnings or cash requirements; however, the briefs filed by the respective parties indicate a wide disparity in both the value of the buyout and the methodologies used. The Company believes the buyout plus attorneys fees to be less than $10 million, while NCP has claimed a value of approximately $50 million. Accordingly, the amount the panel will establish for the buyout cannot be determined at this time.

See also the **Enron Related Matters** and **Superfund and Former Manufactured Gas Plant Sites** sections of **MD&A**.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted during the fourth quarter of 2002 to a vote of TECO Energy's security holders, through the solicitation of proxies or otherwise.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages, current positions and principal occupations during the last five years of the current executive officers of TECO Energy are described below.

Name	Age	Current Positions and Principal Occupations During Last Five Years
Robert D. Fagan	58	Chairman of the Board, President and Chief Executive Officer, December 1999 to date; President and Chief Executive Officer, May 1999 to December 1999; and prior thereto, President of PP&L Global, Inc. (diversified energy company), Fairfax, Virginia.
William N. Cantrell	50	President of TECO Solutions, September 2000 to date and President of Peoples Gas System June 1997 to date.
Royston K. Eustace	61	Senior Vice President-Business Development, April 1998 to date; and prior thereto, Vice President-Strategic Planning and Business Development.
Gordon L. Gillette	43	Senior Vice President-Finance and Chief Financial Officer, April 2001 to date; Vice President-Finance and Chief Financial Officer, April 1998 to April 2001; Vice President-Regulatory Affairs, April 1997 to April 1998.
Richard Lehfeldt	51	Senior Vice President-External Affairs, November 1999 to date; and prior thereto, Vice President and Assistant General Counsel of Edison Mission Energy (independent power company), Irvine, California.
Richard E. Ludwig	57	President of TECO Power Services Corporation, April 1989 to date.
Sheila M. McDevitt	56	Senior Vice President-General Counsel, April 2001 to date; Vice President-General Counsel, January 1999 to April 2001; and prior thereto, Vice President-Assistant General Counsel.
John B. Ramil	47	Executive Vice President - TECO Energy, Inc., December 2002 to date and President of Tampa Electric Company, April 1998 to date; Vice President-Finance and Chief Financial Officer, November 1997 to April 1998.
D. Jeffrey Rankin	56	President of TECO Transport Corporation, October 1987 to date.
J. J. Shackleford	56	President of TECO Coal Corporation, March 1986 to date.

There is no family relationship between any of the persons named above. The term of office of each officer extends to the meeting of the Board of Directors following the next annual meeting of shareholders, scheduled to be held on April 22, 2003, and until such officer's successor is elected and qualified.

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PART II

Item 5. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The following table shows the high and low sale prices for shares of TECO Energy common stock, which is listed on the New York Stock Exchange, and dividends paid per share, per quarter.

		1st Quarter	*2nd Quarter*	*3rd Quarter*	*4th Quarter*
2002					
	High	$ 28.940	$ 29.050	$ 24.710	$ 16.480
	Low	$ 23.400	$ 22.700	$ 14.200	$ 10.020
	Close	$ 28.630	$ 24.750	$ 15.880	$ 15.470
	Dividend	$ 0.345	$ 0.355	$ 0.355	$ 0.355
2001					
	High	$ 32.125	$ 32.970	$ 31.650	$ 28.300
	Low	$ 26.100	$ 28.780	$ 25.530	$ 24.750
	Close	$ 29.960	$ 30.500	$ 27.100	$ 26.240
	Dividend	$ 0.335	$ 0.345	$ 0.345	$ 0.345

The approximate number of shareholders of record of common stock of TECO Energy as of Feb. 28, 2003 was 23,482.

TECO Energy's primary source of funds to pay dividends to its common stockholders is dividends from its operating companies, including Tampa Electric Company. Tampa Electric's first mortgage bonds and certain long-term debt issues at PGS contain provisions that limit the payment of dividends on the common stock of Tampa Electric Company. Substantially all of Tampa Electric Company's retained earnings were available for dividends throughout 2002. (See **Restrictions on Dividend Payments and Transfer of Assets** section in **Note A** to the **Consolidated Financial Statements**.)

TECO Energy's 10.5% 5-year notes issued in November 2002 contain covenants that will, among other things, in the event of certain debt ratings downgrades, require TECO Energy to achieve certain debt service coverage levels in order to pay dividends or distributions or make certain investments, and limit additional liens and issue additional indebtedness. (See **Covenants in Financing Agreements** section of **MD&A**.)

In addition, if TECO Energy exercises its rights to defer payments on its subordinated notes issued in connection with the issuances of trust preferred securities by TECO Capital Trusts I and II, TECO Energy will be prohibited from paying cash dividends on its common stock until the unpaid distributions on the subordinated notes are made.

All of Tampa Electric Company's common stock is owned by TECO Energy, Inc. and, therefore, there is no market for the stock. Tampa Electric Company pays dividends substantially equal to its net income applicable to common stock to TECO Energy. Such dividends totaled $197.4 million in 2002 and $171.8 million for 2001. See **Note A – Restrictions on Dividend Payments and Transfer of Assets** in the **Consolidated Notes to the Financial Statements** for Tampa Electric Company for a description of restrictions on dividends on its common stock.

See **Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management** for the tabular disclosure of TECO Energy's Equity Compensation plans.

Item 6. SELECTED FINANCIAL DATA.

(millions, except per share amounts) *Year ended Dec. 31,*	*2002*	*2001*	*2000*	*1999*	*1998*
Revenues	$ 2,675.8	$ 2,488.1	$ 2,223.1	$ 1,932.6	$ 1,905.1
Net income from continuing operations	$ 298.2 (1)	$ 273.8 (1)	$ 227.5 (1)	$ 179.2 (2)	$ 179.2 (3)
Income from discontinued operations	26.1	21.9	12.6	(16.3)	10.3
Income tax benefit - discontinued operations	(5.8)	(8.0)	(10.8)	(23.2)	(17.0)
Net income from discontinued operations	31.9	29.9	23.4	6.9	27.3
Net income	$ 330.1 (1)	$ 303.7 (1)	$ 250.9 (1)	$ 186.1 (2)	$ 206.5 (3)
Total assets	$ 8,637.8	$ 6,763.4	$ 5,774.3	$ 4,733.0	$ 4,218.3
Long-term debt	$ 3,324.3	$ 1,842.5	$ 1,374.6	$ 1,207.8	$ 1,279.6
Earnings per share (EPS) -- basic:					
From continuing operations	$ 1.95 (1)	$ 2.04 (1)	$ 1.81 (1)	$ 1.37 (2)	$ 1.36 (3)
From discontinued operations	.20	.22	.18	.05	.21
EPS basic	$ 2.15 (1)	$ 2.26 (1)	$ 1.99 (1)	$ 1.42 (2)	$ 1.57 (3)
Dividends paid per common share (4)	$ 1.41	$ 1.37	$ 1.33	$ 1.285	$ 1.225

(1) Includes other non-operating items affecting net income (see **Note L** to the **Consolidated Financial Statements**).
(2) Includes the effect of charges, which reduced net income by $19.6 million and earnings per share by $0.15 in 1999.
(3) Includes the effect of charges, which reduced net income by $19.6 million and earnings per share by $0.15 in 1998.
(4) Dividend paid on TECO Energy common stock.

Item 7. MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS.

This Management's Discussion and Analysis contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. These forward-looking statements include references to TECO Energy's anticipated capital investments, financing requirements, project completion dates, future transactions and other plans. Certain factors that could cause actual results to differ materially from those projected in these forward-looking statements include the following: energy price changes affecting TECO Power Services' (TPS') merchant plants; TPS' ability to sell the output of the merchant plants operating or under construction at a premium to the forward curve prices and to obtain power contracts to reduce earnings volatility; any unanticipated need for additional debt or equity capital that might result from lower than expected cash flow or higher than projected capital requirements; TECO Energy's ability to successfully complete the sale of its synthetic fuel and gasification facilities to successfully complete its cash generation plan; and TECO Energy's ability to maintain credit ratings sufficient to avoid posting letters of credit relating to TPS' construction loans and to avoid providing additional assurances to counterparties. Other factors include: general economic conditions, particularly those in Tampa Electric's service area affecting energy sales; weather variations affecting energy sales and operating costs; potential competitive changes in the electric and gas industries, particularly in the area of retail competition; regulatory actions affecting Tampa Electric, Peoples Gas System or TPS; commodity price changes affecting the competitive positions of Tampa Electric and Peoples Gas System, as well as the margins at TECO Coal; changes in and compliance with environmental regulations that may impose additional costs or curtail some activities; TPS' ability to successfully construct and operate its projects on schedule and within budget; the ability of TECO Energy's subsidiaries to operate equipment without undue accidents, breakdowns or failures; interest rates, credit ratings and other factors that could impact TECO Energy's ability to obtain access to sufficient capital on satisfactory terms; and TECO Coal's ability to successfully operate its synthetic fuel production facilities in a manner qualifying for Section 29 federal income tax credits, the use of which could be limited by TECO Energy's taxable income or by changes in law, regulation or administration. Some of these factors and others are discussed more fully under **"Investment Considerations."**

2002 Earnings Summary

	2002	*Change*	*2001*	*Change*	*2000*
Consolidated revenues (millions)	$ 2,675.8	7.5%	$ 2,488.1	11.9%	$ 2,223.1
Earnings per share – basic					
Continuing operations	$ 1.95	-4.4%	$ 2.04	12.7%	$ 1.81
Discontinued operations	.20	-9.1%	.22	22.2%	.18
Earnings per share	$ 2.15	-4.9%	$ 2.26	13.6%	$ 1.99
Earnings per share – diluted					
Continuing operations	$ 1.95	-3.4%	$ 2.02	12.8%	$ 1.79
Discontinued operations	.20	-9.1%	.22	22.2%	.18
Earnings per share	$ 2.15	-4.0%	$ 2.24	13.7%	$ 1.97
Net income from continuing operations (millions)	$ 298.2	8.9%	$ 273.8	20.3%	$ 227.5
Average common shares outstanding					
Basic (millions)	153.2(3)	13.9%	134.5(2)	6.8%	125.9(1)
Diluted (millions)	153.3(3)	13.2%	135.4(2)	7.2%	126.3(1)
Return on average common equity(4)	14.3%		16.5%		16.7%

(1) Average shares outstanding reflects the repurchase of 1.6 million shares in 2000.

(2) Average shares outstanding for 2001 reflects the issuance of 8.625 million shares in March 2001 and 3.5 million shares in October 2001.

(3) Average shares outstanding for 2002 reflects the issuance of 15.525 million shares in June 2002 and 19.385 million shares in October 2002.

(4) Includes results from Discontinued operations (TECO Coalbed Methane).

TECO Energy's revenues increased by more than 7 percent in 2002 to $2.7 billion; revenues in 2001 increased 11.9 percent to $2.5 billion. In 2002, net income from continuing operations rose almost 9 percent to $298.2 million, up from $273.8 million in 2001. Net income from continuing operations was $227.5 million in 2000. Earnings per share - basic from continuing operations were $1.95 per share in 2002 compared with $2.04 per share in 2001. The number of average shares outstanding at Dec. 31, 2002 was almost 14 percent higher than at Dec. 31, 2001. Earnings per share – basic from continuing operations were $1.81 in 2000.

Included in the 2002 results from continuing operations are a $34.1-million pretax ($20.9 million after-tax) charge related to a debt refinancing and a $5.8 million after-tax asset valuation charge related to the proposed sale of TPS' minority interest in power generating facilities in the Czech Republic. Excluding these unusual items, non-Generally Accepted Accounting Principles (GAAP), or pro forma, net income from continuing operations rose 19 percent to $324.9 million or from $2.04 per share in 2001 to $2.12 per share in 2002. Results from discontinued operations reflect results at the coalbed methane business, which was sold in December 2002.

Total net income and earnings per share, including continuing operations and discontinued operations, were $330.1 million and $2.15 per share, respectively. Total non-GAAP net income and earnings per share, excluding the debt refinancing and asset valuation charges and the $7.7 million gain on the sale of TECO Coalbed Methane, were $349.1 million and $2.28 per share, respectively.

The 2002 results reflect continued customer growth and increased energy usage in the Florida utility operations, higher allowance for funds used during construction (AFUDC – non-cash credit to income with a corresponding increase in utility plant which represents the cost of borrowed funds and a reasonable return on the equity funds used for construction) at Tampa Electric, improved results at TPS, and increased synthetic fuel production at TECO Coal. These improvements were partially offset by lower results at TECO Transport.

Net income from continuing operations in 2001 was $273.8 million, up more than 20 percent from $227.5 million in 2000. These results reflected continued customer growth and increased energy usage in the Florida operations, higher AFUDC at Tampa Electric, an 18 percent increase in net income at TPS from the new generation projects acquired or brought on line in 2000 and 2001 and improved results from the Guatemalan operations, and higher conventional coal production and prices and increased synthetic fuel production at TECO Coal. These improvements were partially offset by higher interest expense associated with increased borrowing levels and a $6.1 million after-tax asset valuation charge related to TPS' sale of its interest in Energía Global International, Ltd. (EGI).

Strategy and Outlook

In late 1999, TECO Energy announced a three-pronged business strategy which was to focus on its Florida operations, which include Tampa Electric, Peoples Gas System (PGS) and the Florida energy services businesses, TECO Solutions; to expand its domestic independent power operations at TPS; and to use the returns of its family of other profitable unregulated businesses to support growth. Since that time, the company has undertaken a number of initiatives to advance the announced strategy. These initiatives include continued development of the regulated electric and gas businesses in Florida, including significant additions to Tampa Electric's electric generation facilities, development of independent power generation projects in the Sunbelt of the United States and continued good operations and returns from its family of other unregulated businesses. However, conditions in energy markets and the independent power business have changed since then.

In 2001, future wholesale power prices declined significantly in markets across the country due to a combination of the slowing of wholesale electric competition; uneconomic dispatch; the U.S. economic slowdown; and the large amount of new generating capacity either completed or under construction and expected to come online in 2002 and 2003. The price outlook remained weak throughout 2002 and the prospects for price recovery in 2003 are uncertain. The low power prices have caused weaker earnings expectations from independent power projects and have caused some developers to cancel or delay projects in some markets.

In light of the capital required to complete the committed regulated and unregulated power plant projects, during 2002 TECO Energy took a number of steps to provide the needed cash while, at the same time, strengthening its balance sheet. These steps included accessing the capital markets for funding, initiating other cash generation measures and reducing capital expenditures. During 2002, the company issued new common equity on two occasions totaling $553 million in net proceeds. In January 2002, the company issued $436 million in net proceeds of mandatorily convertible equity units, which will convert to TECO Energy common shares in January 2005. In addition, the company has reduced its capital expenditure forecast for 2002 through 2004 on two separate occasions. The first reduction in January 2002 totaled approximately $700 million, primarily through delaying, for an extended period, generation projects that were not yet under construction for TPS and Tampa Electric. The second reduction was effected in September as part of a comprehensive cash business plan.

In September 2002, the company announced a preliminary 2003 business plan that focused on the generation of cash to support the construction of the Union and Gila River power stations at TPS and the Gannon to Bayside repowering project at Tampa Electric so as to avoid accessing the capital markets for incremental debt in 2003. This was done in the face of downgrades by equity analysts and the credit rating agencies of both TECO Energy and other companies in the energy sector. The industry's situation deteriorated in late 2002 to the state of a severe credit crisis, highlighting the importance of TECO Energy's execution of the announced plan.

The major components of the plan included: 1) a reduction of capital expenditures of $250 million, including the suspension of construction of the Dell and McAdams power stations, changing the timing of the completion of Bayside Unit 2 and general capital spending reductions at all of the companies, which allowed TECO Energy to sustain its previously forecasted capital expenditure levels; 2) $400 million from the sale of the TECO Coalbed Methane gas assets, the proposed sale of the majority of its interest in facilities that produce synthetic fuel which qualify for Section 29 tax credits at TECO Coal, and the proposed sale of the coal gasification unit at Tampa Electric's Polk Power Station; and 3) $250 million of cash from other financial transactions or asset sales including the repatriation of cash and additional cash from non-recourse refinancing on generating facilities in Guatemala. In addition, TECO Energy ceased work on any new development in the independent power area beyond the already announced and initiated activities.

TECO Energy expects an extended period of lower earnings and to be in a weaker financial position during the current cycle of low wholesale power prices. As previously discussed, the company took decisive steps during 2002 to improve its financial position. The company will continue to take steps as necessary to position itself for a return to a stronger financial position and to a return to earnings growth in the future.

During this period of low wholesale power prices, TECO Energy expects to continue to benefit from deriving the majority of net income and cash flow from its regulated businesses, Tampa Electric and PGS, which operate in one of the highest growth utility markets in the nation. In 2003, about 75 percent of net income is expected to come from regulated utility operations in Florida. Growth is expected to continue in Florida because the state's economy, with its small industrial base, was not impacted by the economic slowdown to the same degree as some manufacturing-based areas of the country.

Operating Results

Management's Discussion & Analysis of Financial Condition & Results of Operations utilize TECO Energy's consolidated financial statements, which have been prepared in accordance with GAAP, to analyze the financial condition of the company.

TECO Energy's reported operating results are affected by a number of critical accounting policies that include such items as accounting for regulated activities, accounting for derivatives, asset impairment testing, accounting for unconsolidated affiliates and others. (See the **Critical Accounting Policies and Estimates** section.)

The following table shows the unconsolidated revenues, net income and earnings per share contributions from continuing operations of the significant business segments. (See **Note Q** to the **Consolidated Financial Statements**.)

(millions) Except per share amounts	*2002*	*Change*	*2001*	*Change*	*2000*
Unconsolidated Revenues (1)					
Regulated Companies					
Tampa Electric	$ 1,583.2	12.1%	$ 1,412.7	4.4%	$ 1,353.8
Peoples Gas System	318.1	-9.9%	352.9	12.2%	314.5
Total Regulated	$ 1,901.3	7.7%	$ 1,765.6	5.8%	$ 1,668.3
Unregulated Companies					
TECO Power Services	$ 309.8	7.9%	$ 287.1	44.2%	$ 199.1
TECO Transport	254.6	-7.4%	274.9	1.9%	269.8
TECO Coal	317.1	4.5%	303.4	30.3%	232.8
Other unregulated businesses	122.1	14.2%	106.9	30.5%	81.8
Total Unregulated	$ 1,003.6	3.2%	$ 972.3	24.1%	$ 783.5
Net Income (2)					
Regulated Companies					
Tampa Electric	$ 171.8	11.6%	$ 154.0	6.6%	$ 144.5
Peoples Gas System	24.2	4.8%	23.1	6.0%	21.8
Total Regulated	196.0	10.7%	177.1	6.5%	166.3
Unregulated Companies					
TECO Power Services	34.1	26.8%	26.9	18.0%	22.8
TECO Transport	21.0	-23.9%	27.6	-5.5%	29.2
TECO Coal	76.5	29.7%	59.0	76.1%	33.5
Other unregulated businesses	6.8	70.0%	4.0	233.3%	1.2
Total Unregulated	138.4	17.8%	117.5	35.5%	86.7
Financing/Other	(36.2)	74.0%	(20.8)	-18.4%	(25.5)
Net income from continuing operations	298.2	8.9%	273.8	20.3%	227.5
Discontinued operations	31.9	6.7%	29.9	27.7%	23.4
Net income total	$ 330.1	8.7%	$ 303.7	21.0%	$ 250.9
Earnings per Share - Basic (2)					
Regulated Companies					
Tampa Electric	$ 1.12	-2.6%	$ 1.15	—	$ 1.15
Peoples Gas System	.16	-5.9%	.17	—	.17
Total Regulated	1.28	-3.0%	1.32	—	1.32
Unregulated Companies					
TECO Power Services	.22	10.0%	.20	11.1%	.18
TECO Transport	.14	-30.0%	.20	-13.0%	.23
TECO Coal	.50	13.6%	.44	63.0%	.27
Other unregulated businesses	.04	33.3%	.03	200%	.01
Total Unregulated	.90	3.4%	.87	26.1%	.69
Financing/Other	(.23)	53.3%	(.15)	-25.0%	(.20)
EPS from continuing operations	1.95	-4.4%	2.04	12.7%	1.81
Discontinued operations	.20	-9.0%	.22	22.2%	.18
EPS Total	$ 2.15	-4.9%	$ 2.26	13.6%	$ 1.99

(1) Revenues for all periods have been adjusted to reflect the presentation of energy marketing related revenues on a net basis, the reclassification of TECO Coalbed Methane results to discontinued operations, and the reclassification of earnings from equity investments from Revenues to Other Income.

(2) Beginning in 2001, segment net income was reported on a basis that included internally allocated financing costs. Prior period net income has been reclassified to reflect estimated internally allocated financing costs that would have been attributable to such prior periods. Internally allocated finance costs for 2002, 2001 and 2000 were at pretax rates of 7%, 7%, and 6.75%, respectively, based on the average investment in each subsidiary.

Tampa Electric - Electric Operations

Tampa Electric Results

Tampa Electric's net income increased almost 12 percent in 2002, reflecting continued good residential and commercial customer growth, increased sales to phosphate customers and more favorable summer weather, partially offset by lower sales to other utilities and higher operations and maintenance expenses. The equity component of AFUDC, primarily from the Gannon to Bayside Units 1 and 2 repowering project, increased to $24.9 million, compared to $6.6 million in 2001.

Tampa Electric's net income increased almost 7 percent in 2001, reflecting good customer growth, slightly higher residential and commercial per-customer energy usage, and a favorable customer mix, partially offset by higher operations, maintenance and depreciation expenses. In addition, AFUDC equity, primarily from the Gannon to Bayside Units 1 and 2 repowering project, increased to $6.6 million, compared with $1.6 million in 2000.

Net income increased in both 2002 and 2001 while operating income decreased due to higher AFUDC and lower interest expense which affect net income but not operating income.

Summary of Operating Results

(millions)	*2002*	*Change*	*2001*	*Change*	*2000*
Revenues	$ 1,583.2	12.1%	$ 1,412.7	4.4%	$ 1,353.8
Other operating expenses	212.3	11.3%	190.7	1.3%	188.3
Maintenance	108.7	9.2%	99.5	3.5%	96.1
Depreciation	189.8	9.5%	173.4	7.3%	161.6
Taxes, other than income	112.3	7.2%	104.8	6.2%	98.7
Non-fuel operating expenses	623.1	9.6%	568.4	4.4%	544.7
Fuel	424.1	22.4%	346.5	7.1%	323.5
Purchased power	253.7	21.0%	209.7	9.2%	192.1
Total fuel expense	677.8	21.9%	556.2	7.9%	515.6
Total operating expenses	$ 1,300.9	15.7%	$ 1,124.6	6.1%	$ 1,060.3
Operating income	$ 282.3	-2.0%	$ 288.1	-1.8%	$ 293.5
Net income	$ 171.8	11.6%	$ 154.0	6.6%	$ 144.5

Tampa Electric Operating Revenues

The economy in Tampa Electric's service area continued to grow in 2002, aided by the region's relatively low labor rates, attractive cost of living and affordable housing. The Tampa metropolitan area's employment grew slightly in 2002, in spite of the continued U.S. economic slowdown. The local Tampa area unemployment rate rose to 4.2 percent in November 2002, up slightly from 4.0 percent in December 2001, compared to 5.0 percent for the State of Florida and 6.0 percent for the nation. The Tampa area, with its diverse service-based economy, did not experience the same drop in economic activities as those areas of the country with manufacturing-based economies. Tampa Electric experienced minimal impact by the slowdown in the tourist industry because the areas served are not as sensitive to changes in the tourist industry as some other areas of Florida.

Retail megawatt hour sales rose 5.6 percent in 2002, primarily from increased residential and commercial sales from higher numbers of customers, higher per-customer usage and warmer-than-normal summer weather. Electricity sales to the lower-margin industrial customers in the phosphate industry increased 18.2 percent in 2002 after a 10.9 percent decline in 2001. The phosphate industry saw increased demand and improved pricing worldwide which led to increased production in 2002. In 2001, the phosphate industry experienced a second year of a worldwide slowdown due to overcapacity and reduced usage that contributed to temporary facility closures during the year and the permanent closure of one phosphate processing facility. The company's phosphate customers have indicated that they expect to vary production to maintain stable prices in 2003. Revenues from phosphate sales represented slightly less than 3 percent of base revenues in 2002 and 2001. Non-phosphate industrial sales increased in 2002 and 2001, primarily reflecting continued economic growth in the area.

Base rates for all customers were unchanged in 2002. However, Tampa Electric refunded $6.4 million to customers in 2002 related to 1999 revenues held subject to refund under agreements between the Florida Public Service Commission (FPSC), the Office of Public Counsel and Tampa Electric. Fuel-related revenues increased in 2002 under the FPSC approved fuel adjustment clause due to the recovery of a previous underrecovery of fuel expense in 2001 and increased customer usage. (See the **Regulation** section.)

Sales to other utilities for resale declined in 2002, primarily as a result of lower coal-fired generating unit availability due to more planned maintenance outages.

Based on expected growth from continued population increases and business expansion, Tampa Electric expects retail energy sales growth of approximately 2.5 percent annually over the next five years, with combined energy sales growth in the residential and commercial sectors of more than 3 percent annually. Tampa Electric's forecasts indicate that summer retail demand growth is expected to average more than 100 megawatts per year for the next five years.

These growth projections assume continued local area economic growth even in the current national economic climate, normal weather and a continuation of the current market structure. (See the **Investment Considerations** section.)

Megawatt-Hour Sales

(thousands)	*2002*	*Change*	*2001*	*Change*	*2000*
Residential	8,046	6.0%	7,594	3.1%	7,369
Commercial	5,832	2.6%	5,685	2.6%	5,541
Industrial	2,612	12.2%	2,329	-2.6%	2,390
Other	1,435	4.9%	1,368	2.2%	1,338
Total retail	17,925	5.6%	16,976	2.0%	16,638
Sales for resale	1,084	-27.7%	1,499	-41.5%	2,564
Total energy sold	19,009	2.9%	18,475	-3.8%	19,202
Retail customers (average)	590.2	2.5%	575.8	2.8%	560.1

Tampa Electric Operating Expenses

Operating expenses increased almost 16 percent in 2002, reflecting higher fuel costs from an increased amount of power generated with higher-cost oil and natural gas, increased purchased power due to lower unit availability, higher Other operating expenses due to higher employee benefit costs and costs associated with a 7 percent reduction in the workforce, higher depreciation from normal plant additions to serve the growing customer base and the addition of a new peaking combustion turbine at the Polk Power Station in mid-2002, and accelerated depreciation associated with phasing out coal-related assets at the Gannon Power Station.

Operating expenses increased 6 percent in 2001, reflecting higher fuel costs from higher coal prices, increased purchased power costs due to lower unit availability, higher maintenance expenses associated with increased planned outages on coal-fired generating units, and higher depreciation from normal plant additions and accelerated depreciation associated with phasing out coal-related assets at the Gannon Power Station.

Non-fuel operations and maintenance expenses are expected to decrease in 2003 as a result of workforce reductions in 2002 and the repowering of the Gannon Station to natural gas with its lower manpower and maintenance requirements.

Depreciation expense is projected to increase in 2003, and in the future, from normal plant additions and the first phase of the Gannon to Bayside repowering project entering service in mid-2003. (See the **Environmental Compliance** section.)

Fuel costs increased 22 percent in 2002 despite lower coal costs, reflecting primarily increased generation with oil and natural gas due to lower coal unit availability. Natural gas and oil prices increased significantly in the second half of 2002. Average coal costs, on a cents-per-million Btu basis, decreased 6 percent in 2002 after a 7 percent increase in 2001. Purchased power expense increased in 2002 due to lower unit availability, primarily as a result of planned maintenance outages on base load generating units and unplanned outages during peak load periods. The effects of higher fuel and purchased power costs are also reflected in the higher operating revenues, as these costs are recovered through the fuel adjustment clause.

Nearly all of Tampa Electric's own generation over the last three years has been produced from coal, and the fuel mix is expected to continue to be substantially comprised of coal until mid-year 2003, when the first of two repowered units at Bayside is scheduled to begin operating on natural gas. (See the **Environmental Compliance** section.) On a total energy supply basis, company generation accounted for 83 percent, 84 percent and 92 percent of the total system energy requirements in 2002, 2001 and 2000, respectively.

Peoples Gas System

PGS is the largest investor-owned gas distribution utility in Florida. It serves more than 281,000 customers in all of the major metropolitan areas of Florida.

PGS net income rose almost 5 percent in 2002. Contributing to these results were 4.1 percent customer growth, operations and maintenance expenses which were essentially unchanged from 2001, and higher volumes sold for off-system sales and higher volumes transported for power generation customers which more than offset the impact of mild winter weather.

Lower gas prices in the first half of 2002 made the use of natural gas more attractive for large customers than during the period of high prices in the first half of 2001. Gas prices increased in the second half of 2002 and into early 2003, but the differential between natural gas and other fuels has remained relatively constant, therefore, fuel switching is not expected to the same degree as was experienced in 2001.

PGS' net income rose 6 percent in 2001 from 4 percent customer growth and increased gas transported for off-system sales. The high cost of gas early in 2001 had a negative impact on sales to larger interruptible and power generation customers, many of whom have the ability to switch to alternative fuels or to alter consumption patterns.

Historically the natural gas market in Florida has been underserved with the lowest market penetration in the southeastern U.S. PGS is expanding its gas distribution system into areas of Florida not previously served and within areas currently served.

Summary of Operating Results

(millions)	*2002*	*Change*	*2001*	*Change*	*2000*
Revenues	$ 318.1	-9.9%	$ 352.9	12.2%	$ 314.5
Cost of gas sold	149.0	-20.1%	186.4	18.7%	157.0
Operating expenses	115.6	.2%	115.4	4.4%	110.5
Operating income	$ 53.5	4.7%	$ 51.1	8.7%	$ 47.0
Net Income	$ 24.2	4.8%	$ 23.1	6.0%	$ 21.8
Therms sold - by customer segment					
Residential	60.2	2.4%	58.8	2.1%	57.6
Commercial	327.6	6.0%	308.9	5.8%	292.1
Industrial	423.8	22.3%	346.5	-7.4%	374.1
Power Generation	492.6	22.1%	403.5	-3.6%	418.6
Total	1,304.2	16.7%	1,117.7	-2.2%	1,142.4
Therms sold - by sales type					
System Supply	332.5	13.8%	292.2	-8.9%	320.6
Transportation	971.7	17.7%	825.5	.4%	821.8
Total	1,304.2	16.7%	1,117.7	-2.2%	1,142.4
Customers (thousands) - average	277.5	4.1%	266.6	4.1%	256.2

Residential and commercial therm sales increased from more than 4 percent customer growth in 2002, more than offsetting mild winter weather. Therm sales to large industrial and power generation customers also increased, primarily from significantly lower gas prices in the first half of 2002.

Residential therm sales increased in 2001, the result of more than 4 percent customer growth and increased per-customer usage. Commercial therm sales also increased, primarily from increased per-customer use.

The actual cost of gas and upstream transportation purchased and resold to end-use customers is recovered through a Purchased Gas Adjustment (PGA) clause approved by the Florida Public Service Commission annually.

In Florida, natural gas service is unbundled for all non-residential customers, affording these customers the opportunity to purchase gas from any provider. The net result of this unbundling is a shift from commodity sales to transportation sales. Because commodity sales are included in operating revenues at the cost of the gas on a pass-through basis, there is no net financial impact to the company when a customer shifts to transportation-only sales. PGS markets its services to these customers through its "NaturalChoice" program. At year-end 2002, 9,500 customers had elected to take service under this program.

Operating expenses were essentially unchanged from 2001 levels. This achievement represents significant cost reduction efforts in all areas of the company to offset the effect of the mild winter weather.

In 2001, operation and maintenance expenses were essentially unchanged from 2000 levels, while depreciation expense increased 8 percent, in line with the increased capital expenditures made over the past several years to expand the system.

On June 27, 2002, PGS requested a $22.6-million annual base revenue increase. On Dec. 17, 2002, the FPSC authorized PGS to increase annual base revenues by $12.05 million. The new rates allow for a return on equity range of 10.25 to 12.25 percent with an 11.25 percent midpoint, which is the same as its previously allowed return on equity, and a capital structure of 57.43 percent equity. The increase went into effect on Jan. 16, 2003. Since its last rate increase 10 years ago, PGS has added more than 100,000 customers and expanded its pipeline system from 5,000 miles to 9,000 miles.

In May 2002, Gulfstream Natural Gas Pipeline initiated service. This interstate pipeline starts in Mobile Bay, Alabama, crosses the Gulf of Mexico and comes ashore in Florida just south of Tampa. Gulfstream is the first new pipeline serving peninsular Florida since 1959. This pipeline increases gas transportation capacity into Florida by 50 percent. PGS entered into a service agreement for capacity in 2002, which increases in 2003 and 2004. The addition of the Gulfstream pipeline enhances reliability of service and helps to meet the capacity needs for PGS' growing customer base.

PGS expects increases in sales volumes and corresponding revenues in 2003, and continued customer additions and related revenues from its expansion efforts throughout the state of Florida. These growth projections assume continued local economic growth, normal weather and other factors. (See the **Investment Considerations** section.)

TECO Power Services

Net income increased almost 27 percent in 2002 to $34.1 million from higher earnings from construction-related and loan agreements with Panda Energy International (Panda), a full year of ownership of the Frontera Power Station and higher capacity payments due to higher prices and generation at the Guatemalan generating units. The improved results were partially offset by a $5.8-million after-tax charge related to the proposed sale of TPS' minority interest in generating assets in the Czech Republic, higher operations and maintenance expense, lower energy prices and sales from the Commonwealth Chesapeake Station and higher financing costs.

Net income increased 18 percent in 2001 to $26.9 million from higher earnings from the Hamakua, Commonwealth Chesapeake, and Guatemalan generating stations and higher returns on TPS' investment through Panda in the Texas Independent Energy (TIE) projects. The improved operating performance was partially offset by weak results at the Frontera Station, which was acquired in March 2001, due to low power prices in the Texas market; increased financing costs; higher development costs; and a $6.1-million after-tax valuation reserve recognized in connection with the sale of TPS' minority interest in EGI, which owns small generating projects in Central America.

Summary of Operating Results

(millions)	*2002*	*Change*	*2001*	*Change*	*2000*
Revenues	$ 309.8	7.9%	$ 287.1	44.2%	$ 199.1
Operations, maintenance and A&G	73.1	8.9%	67.1	24.3%	54.0
Purchase power pass through	31.1	4.4%	29.8	-1.0%	30.1
Depreciation	28.1	-1.1%	28.4	53.5%	18.5
Taxes, other than income	8.4	15.1%	7.3	135.5%	3.1
Non-fuel operating expenses	140.7	6.1%	132.6	25.4%	105.7
Fuel	118.6	8.1%	109.7	60.9%	68.2
Total operating expense	259.3	7.0%	242.3	39.3%	173.9
Operating income	$ 50.5	12.7%	$ 44.8	77.8%	$ 25.2
Net income	$ 34.1	26.8%	$ 26.9	18.0%	$ 22.8
Generation					
Megawatt hours (thousands)	3,411	10.4%	3,089	89.2%	1,633

Increases in energy generation reflect incremental new capacity coming into service either in phases or part year in 2000 and 2001 or acquired in 2001 with full year results reflected in 2002. Increases in operations, maintenance and administrative and general (A&G) expenses reflect the increased manpower and facilities and a full year of operations of the energy marketing and management group. Increases in these expenses over the three-year period reflect the increased size of the generating portfolio, which increased from three operating plants in January 2000 to five at Dec. 31, 2002.

Increases in income and operating expenses related to the Union and Gila River power stations in 2003 and 2004 are expected to be reflected in TPS' financial results on a net basis assuming these facilities continue to be accounted for as unconsolidated affiliates. (See the **Off-Balance Sheet Financing** section.) However, operations, maintenance and A&G expenses are expected to increase because of increased staffing in the energy marketing and management group related to these two plants.

In 2003, TPS began negotiations to revise an equipment purchase contract. TPS may complete these negotiations by as early as the end of the first quarter 2003. If executed, the contract revision could result in a non-cash pretax charge of $12 to $24 million.

TPS Project Summary

Project	*Location*	*Size MW*	*TPS Economic Interest*	*TPS Net Size MW*	*In Service/ Participation Date (1)*
Operating:					
Hardee Power Station	Florida	370	100%	370	1/93, 5/00
Alborada Power Station	Guatemala	78	96%	75	9/95
Empresa Eléctrica de Guatemala S.A.(EEGSA) (a distribution utility)	Guatemala		24%		9/98(4)
San José Power Station	Guatemala	120	100%	120	1/00
Hamakua Energy Project	Hawaii	60	50%	30	8/00, 12/00
Frontera Power Station	Texas	477	100%	477	5/00, 3/01(4)
Odessa and Guadalupe	Texas	2,000	(2)	750	9/00, 8/01
Commonwealth Chesapeake Power Station	Virginia	315	100%	315	9/00, 8/01
Sub-total operating		3,420		2,137	
Under Construction:					
Union	Arkansas	2,200	(3)	1,650	1/03-6/03
Gila River	Arizona	2,145	(3)	1,609	2/03-8/03
Sub-total construction		4,345		3,259	
Total		7,765		5,396	
Suspended:					
Dell	Arkansas	599	100%		
McAdams	Mississippi	599	100%		
		1,198			

(1) Unless otherwise indicated, each date appearing in this column is an in-service date. When more than one in-service date appears, it indicates when different phases of the project went into operation. For projects under construction, a range of dates indicates when the first and last phases are expected to enter service under TECO Energy's current plans.

(2) Based on the effect of the preferred return, the effective economic interest is estimated at 75 percent of Panda's 50-percent interest in these projects over the life of the projects.

(3) Based on the effect of the preferred return, the effective economic interest is estimated at 75 percent over the life of the project.

(4) Dates on which TPS acquired its economic interest in the project.

Construction Activities

In 2000, TPS focused its efforts on the development or acquisition of domestic energy projects. TPS has net ownership interest in almost 5,400 megawatts of projects either operating or under construction.

In September 2000, TPS invested $93 million in the form of a loan to Panda's TIE, which are the Odessa and Guadalupe power stations. An additional $44 million was loaned to Panda in the first quarter of 2002 bringing the total investment to $137 million. The interest earned on the loan to TIE is reflected in 2002, 2001 and 2000 earnings.

These loans converted in accordance with their terms into an ownership interest on Jan. 3, 2003 which is to be accounted for under the equity method. The conversion gives TPS an opportunity to have an effective economic interest estimated at 75 percent of Panda's 50-percent interest in these projects over the life of the projects. Based on information available from the other owners of these projects, these projects have realized lower than expected earnings and cash flows due to over capacity in the Texas market, uneconomic dispatch, and market design, and that trend is expected to continue in 2003. TPS is evaluating its options relative to its ownership position in these projects and is targeting to structure its interest in such a manner that it will cover its cash costs in 2003 and mitigate any impact on earnings.

In October 2000, TPS acquired two 599-megawatt, natural gas-fired, combined-cycle projects, Dell and McAdams, located in Arkansas and Mississippi, respectively. Construction commenced on these projects in 2001 but was suspended at the end of 2002 due to projected low energy prices in the markets that these plants were expected to serve. Interest will not be capitalized during the construction postponement period. The carrying costs associated with these suspended plants are expected to reduce TPS earnings in 2003. Market conditions will be monitored to determine when these plants will be completed. At the time of suspension, approximately $690 million had been invested in these plants. At the time of suspension, it was estimated that the construction cost to complete these projects would be approximately $100 million.

In November 2000, TPS entered into a 50/50 joint venture with Panda to build, own and operate the 2,200-megawatt Union Power Station in Arkansas and the 2,145-megawatt Gila River Power Station in Arizona. The partnership agreement calls for TPS to contribute all project equity and for TPS to earn a preferred return on the investment in these projects, which, over the projects' life, could give TPS an effective economic interest estimated at 75 percent. Construction commenced on these projects in 2001. Each of these projects is expected to begin operation in four power blocks, beginning with the first 550-megawatt power block of Union which began operating in January 2003 and ending with the 540-megawatt final power block of Gila River expected in August of 2003. At Dec. 31, 2002, the TPS investment in these projects was $1.2 billion of project equity including the remaining $375 million equity bridge loan balance and $55 million already contributed related to the TECO Energy construction undertaking, described below. At Dec. 31, 2001, TPS had invested $624 million in these projects including $500 million of the equity bridge loan.

In December 2001, Enron Corp., a large energy trading and services company, filed for protection under the U.S. Bankruptcy Code. An Enron subsidiary, NEPCO, was serving as the construction contractor for the Union, Gila River, Dell and McAdams power stations. Enron guaranteed certain of NEPCO's obligations under the construction contracts. The Union and Gila River power stations have financing in place with a syndicate of banks. The Dell and McAdams power stations are wholly owned by TPS and have not been financed.

As part of Enron's centralized cash management procedure, Enron swept NEPCO's cash before it was applied to pay project costs. Enron's bankruptcy permitted the project lenders to stop funding construction costs for the Union and Gila River projects until the condition was cured or waived. TPS received approval from the project lenders on a plan that allowed funding to resume.

The plan involved TECO Energy replacing Enron as the guarantor of certain of NEPCO's obligations under the construction contracts for these two projects, including payment by TECO Energy of any project cost overruns (estimated at $62 million remaining at Dec. 31, 2002, against which TECO Energy could offset the unused construction contingency amount remaining after completion of construction) and guaranteeing the completion of construction. The plan also provided for TECO Energy to replace the letter of credit furnished by Enron that had been drawn upon and acceleration of project cash commitments to mid-year 2002, resulting in TECO Energy's total investment essentially being complete by the end of 2002 rather than mid-2003 as originally planned.

Under a series of agreements with TECO Panda Generating Co. (TPGC), NEPCO continued construction and engineering of all four plants until SNC Lavalin Constructors Inc., a large Canadian engineering and construction firm, replaced it as the contractor in May 2002. SNC Lavalin hired essentially all of NEPCO's management and staff, and construction continued without interruption. The agreements with SNC Lavalin provide for the projects to be completed on a cost-plus-fee basis, with the fee portion at-risk until the projects are completed.

In February 2002, the TPS and Panda affiliates that comprise the joint venture that owns the Union and Gila River projects entered into a purchase arrangement for TPS to purchase and Panda to sell Panda's interest in the joint venture in 2007 for $60 million. Panda has the right to cancel the purchase arrangement by paying TPS $20 million, or a lesser amount under certain circumstances. The purchase arrangement could result in TPS' purchase of the interest prior to 2007 if Panda defaults on a bank loan made to Panda using the purchase arrangement as collateral or if TECO Energy permits its debt-to-capital ratio to exceed 65.0 percent, permits its EBITDA/interest ratio to fall below 1.5 times or it defaults on the payment of indebtedness in excess of $50 million. TECO Energy's debt-to-capital ratio at Dec. 31, 2002 was 55.9 percent and its EBITDA/interest ratio was 3.6 times.

In March 2001, TPS acquired the Frontera Power Station located near McAllen, Texas. This 477-megawatt, natural gas-fired, combined-cycle plant, began combined-cycle operation in May 2000 and has a 150-megawatt transmission connection to the Federal Electricity Commission of Mexico. In the second and third quarters of 2002, the facility sold energy and ancillary services to the Electric Reliability Council of Texas (ERCOT). During the fourth quarter the facility provided reliability-must-run (RMR) services under contract to ERCOT. Since the RMR contract was not renewed for the first quarter of 2003, the plant was shut down for scheduled maintenance. The first quarter is expected to have lower opportunities than other quarters for sales to ERCOT, Mexico or other customers due to weather.

In February 1999, TPS invested in EGI, a company with energy interests in Latin America. In the first quarter 2001, TPS recognized a $6.1-million after-tax charge as part of the sale of its interest in EGI. TPS no longer has any ownership interest in EGI.

Energy Markets

The power plants that TPS is operating and constructing are located in markets with a history of high load growth. However, the general U. S. economic slowdown in 2001 and 2002 slowed the growth in demand for power in some of these markets. In addition, the slowdown of electricity deregulation initiatives across the United States, including the markets that TPS will be serving, caused by the failure of deregulation in California, has allowed the traditional, incumbent utilities to continue to operate older, less efficient generating facilities in lieu of purchasing power from newer, more efficient independent power plants. These factors have combined with aggressive plans by the independent power industry to add merchant power facilities to cause excess generating capacity that is either being built or has come on line in many markets. This excess supply

has depressed both spot and forward wholesale power prices. Based on current forward curve prices for 2003, the combined returns for the Union and Gila River power stations are expected to be below earnings break-even, but are anticipated to be close to covering cash costs. If cash costs are not covered, the non-recourse project finance lenders are required to fund the payments of these costs with additional non-recourse debt up to $80 million through a debt-service reserve. The forward curve prices represent the market price for on-peak energy that a seller would expect to receive if future energy was sold today. The forward curve for electricity prices reflects the price for energy that is delivered on a standard schedule. Because TPS' assets can be dispatched with some flexibility and sales of ancillary services are possible, the forward curve price may understate the realized price or profit margin.

Studies by numerous outside groups, such as Cambridge Energy Research Associates, Standard & Poor's and others, present conflicting outlooks on power price improvement. Some experts indicate that 2003 should be the low point for power prices while others indicate that power prices may remain low beyond 2004. Continued low power prices for the output from TPS' merchant plants in 2004 would decrease net income at TPS from 2003 levels, and could require cash payments to cover any fixed costs of the plants not covered by the project debt-service reserves or cash generated at the projects.

TPS' ultimate long-term strategy for selling the output of these plants is to enter into three- to five-year contracts with load serving entities, or ultimate customers where it is allowed, for up to 50 percent of the output of the plants. TPS would contract another 25 percent of the output in the shorter term (less than one-year market) with the remaining 25 percent sold in the spot market. In the meantime, until longer-term contracts can be signed, TPS is selling the output of these plants under a mix of spot market sales and shorter-term transactions. The shorter-term transactions are primarily forward sales of on-peak energy at prices reflective of current forward curves. TECO Energy's policy is to balance power contract commitments with necessary purchases of natural gas so as to know the margins for such sales at the time of commitment. These sales usually do not include the value for capacity payments, ancillary services, dispatchability and the premium associated with owning physical assets. These incremental value components are often captured in the spot market at the time of physical sales or through more structured transactions.

In 2001, TPS activated its TECO EnergySource (TES) subsidiary to enter into power marketing and fuel procurement transactions for the longer-term contracts. Initially, TPS retained power marketers, such as Aquila for the Union and Gila River power stations, to market the output planned for the spot market. Aquila has decided to exit the power marketing business and TPS intends to assume full responsibility for the output marketing and fuel procurement transactions. TES is actively seeking both short- and long-term contracts with purchasers for the output from the Union and Gila River power stations and the Frontera Power Station.

TES is contracting to purchase or supply electricity and natural gas, primarily at specified delivery points and specified future dates (i.e., fixed-price forward sales and purchase contracts). In some cases TES is utilizing financial instruments such as futures and contracts traded on the NYMEX and swaps and other types of financial instruments traded in the over-the-counter markets to manage its exposure to electricity and natural gas price fluctuations.

The use of these types of contracts allows TPS to manage and hedge its contractual commitments and to reduce its exposure relative to the volatility of spot market prices. TPS' and TES' use of futures, options, swaps or other financial instruments was minimal in 2002 due to the low volume of energy sales.

TPS normally balances its fixed-price physical and financial fuel purchase and energy sales contracts in terms of contract volumes and the timing of performance and delivery obligations. Net open positions may exist for short periods due to the origination of new transactions. When net open positions exist, TPS will be exposed to fluctuating market prices. All fuel purchase and energy sales contracts and open positions are monitored closely by the TECO Energy risk management function, which is independent of the TPS' energy management group.

In addition to price risk, credit risk is inherent in TPS' energy risk management activities. The marketing business may be exposed to counterparty credit risk from a counterparty not fulfilling its obligations. Credit policies and procedures, administered by TECO Energy, attempt to limit overall credit risk. The credit procedures include a thorough review of potential counterparties' financial position, collateral requirements under certain circumstances, monitoring net exposure to each counterparty and the use of standardized agreements.

TPS is currently not required to post cash collateral for fuel purchases or as a counterparty for energy sales. In the event of a TECO Energy credit downgrade to non-investment grade, TPS would be required to post cash collateral for energy management activities. Dec. 31, 2002 positions would require the posting of $9.3 million of cash collateral in the event of a downgrade.

Significant factors that could influence results at TPS include construction of its new projects on schedule and on budget, energy prices in its markets, the ability to earn a premium above forward curve prices, weather, domestic economic conditions and commodity price changes. (See the **Investment Considerations** section.)

TECO Transport

Net income declined 24 percent in 2002 to $21.0 million, compared with $27.6 million in 2001. TECO Transport's results reflect continued weakness in the U.S. economy as low levels of imported raw materials reduced northbound river shipments and drove pricing lower for all river shipments. These conditions also reduced volumes of petroleum coke and steel-related product volumes through the transfer terminal. These conditions combined to more than offset increased ocean-going phosphate shipments and lower repair and fuel costs.

Net income declined 6 percent in 2001. Increased phosphate and other product shipments, higher revenue from outside services at TECO Barge Line, and lower fuel prices were more than offset by lower U.S. government grain program shipments, higher costs primarily related to depreciation, and lower shipments of steel-related products handled by TECO Bulk Terminal. Results for 2000 included an after-tax gain of approximately $1.5 million associated with the disposition of an ocean-going asset.

After a late start to U.S. government grain shipments in 2002, volume and pricing improved in the fourth quarter. The pattern of an intense but short annual period for moving grain shipments in the fall and winter is expected to repeat in 2003. Northbound river shipments of steel-related raw materials are expected to improve in 2003 as the U.S. economy improves. Southbound river shipments of grain products are expected to increase slightly in 2003, with a small increase in pricing expected. Even with the expected price increase, grain freight rates are expected to remain below historical levels, which will impact the pricing for all commodities moved on the rivers. In the meantime, TECO Transport expects to move increased volumes of fertilizers and petroleum coke northbound on the river system.

The phosphate fertilizer industry experienced an increase in worldwide demand in 2002 after a period of reduced demand in 2001 and 2000, which resulted in increased shipments of raw phosphate rock between Tampa and Louisiana. The outlook for TECO Ocean Shipping is for a slight increase in phosphate demand in 2003. Lower shipments for Tampa Electric and higher fuel and employee-related health care and pension costs are expected in 2003.

TECO Transport expects to continue diversifying into new markets and cargoes. Future growth at TECO Transport is dependent on improved pricing, higher asset utilization, and asset additions at both the river and ocean-going businesses. Significant factors that could influence results include weather, bulk commodity prices, fuel prices and domestic and international economic conditions. (See the **Investment Considerations** section.)

TECO Coal

Net income increased 30 percent in 2002, to $76.5 million, driven primarily by better margins and higher synthetic fuel (synfuel) production and sales and the resulting higher Section 29 tax credits. Production of synthetic fuel at TECO Coal qualifies for Section 29 tax credits for non-conventional fuel production.

Synfuel production increased to 3.8 million tons in 2002 compared with 3.2 million tons and 1.9 million tons in 2001 and 2000, respectively. The net benefit increased to approximately $77 million in 2002 compared with $58 million in 2001 and approximately $30 million in 2000. Synfuel production displaced some of the conventional coal production in all years.

Net income at TECO Coal increased 76 percent in 2001, driven primarily by better margins and higher synfuel production, increased coal production from Perry County Coal, Inc.'s mining facilities acquired in late 2000, and higher metallurgical coal prices in the second half of the year. 2001 was the first full year of production for the synfuel production facilities which entered service late in the second quarter of 2000.

In 2002, coal sales, including synfuel, decreased to 9.3 million tons from 10.1 million tons in 2001 due to soft market conditions. In 2003, total coal sales are expected to increase slightly due to more normal supply and demand in the market. Synfuel volumes are expected to increase to more than 5 million tons and conventional coal production is expected to decline to offset the higher synfuel production in 2003. In 2003, TECO Coal intends to sell the majority of its interest in the synfuel production facilities, but retain responsibility for operating the facilities. (See the **Strategy and Outlook** section.)

Metallurgical coal contracts, which normally renew in the first quarter of the year, resulted in lower prices in 2002 after a strong pricing environment in 2001. Prices are expected to remain near current levels in 2003. Steam coal pricing declined industry wide in the first quarter of 2002, due to high utility inventory levels as a result of the mild winter weather. TECO Coal, however, contracts much of its steam coal production for the coming year late in the preceding year and was less affected by the price declines than those companies that sell a higher percentage in the spot markets. Later in the year, after inventories were reduced to more normal levels, coal prices strengthened and contract renewals for 2003 were achieved at prices only slightly lower than 2002 levels.

In January 2000, TECO Coal purchased synfuel facilities from Headwaters Technologies, Inc. The facilities were relocated to the company's Premier Elkhorn and Clintwood Elkhorn mines in Kentucky, and were producing by the second quarter of 2000. These facilities produce synfuel from coal, coal fines and waste coal using a technology licensed from Headwaters. The facilities were subsequently sited at all three of TECO Coal's complexes.

TECO Coal has received private letter rulings from the Internal Revenue Service regarding the production of synfuel from its facilities. The private letter rulings confirm that the facilities are located appropriately and produce a qualified fuel eligible for Section 29 tax credits which are available for the production of such non-conventional fuels through 2007.

Significant factors that could influence TECO Coal's results include weather, general economic conditions, commodity price changes, continued generation of Section 29 tax credits, the sale of interest in the synfuel production facilities, the ability to use Section 29 tax credits and changes in laws, regulations or administration. (See the **Investment Considerations** section.)

Other Unregulated Companies

In 2002, net income for the other unregulated companies increased 70 percent to $6.8 million driven primarily by the full-year results of Prior Energy Corp., TECO Energy's end-use gas marketing company acquired in November 2001. In 2001, net income increased due to a full year of results from BCH Mechanical, which was acquired in September 2000.

Other unregulated companies include TECO Energy Services (formerly TECO BGA, Inc., and BCH Mechanical, Inc. and its affiliated companies), TECO Gas Services, TECO Properties, Prior Energy Corp., TECO Propane Ventures (TPV), TECO Partners and TECO Investments. Except for TECO Investments, these operating companies are organized under TECO Solutions, which was formed to offer customers (primarily in Florida) a comprehensive package of energy services and products including energy-efficient engineering and construction and gas management services.

In November 2001, TECO Solutions acquired Prior Energy Corp., a leading natural gas management company. Serving customers throughout the Southeast, Prior Energy handles all facets of natural gas energy management services for large industrial, power generation utility, municipal and other governmental agency customers, including natural gas acquisition and supply management, transportation management, asset management and consulting services.

TPV holds the company's propane business investment. In 2000, TECO Energy combined its propane operations with three other southeastern propane companies to form U.S. Propane. In a series of transactions, U.S. Propane combined with Heritage Holdings, Inc. As a result, TPV owns a 38-percent interest in the general partner that manages Heritage Propane Partners, L.P. (NYSE:HPG) and that general partner owns an approximate 29-percent limited partnership interest in Heritage Propane Partners.

Liquidity, Capital Resources

Sources of cash for TECO Energy and its operating companies in 2002 totaled $3.4 billion, including operating cash flows of $656 million and proceeds from the sale of debt and equity securities of $2.8 billion. Cash was used to fund $1.7 billion of capital spending (net of $103 million from asset sales), debt maturities of $788 million and refinancings of $162 million, net reduction of short-term debt of $278 million and dividends to common shareholders of $216 million. TECO Energy began the year with $109 million in cash and cash equivalents and ended the year with $411 million in cash and cash equivalents and $460 million of unused capacity available under the bank credit facilities at TECO Energy and Tampa Electric. The increased year-end cash position was attributable in part to the conversion of the TECO Energy bank credit facility to a term loan and other cash generating activities.

TECO Energy met 2001 cash needs with a mix of internally generated funds, short- and long-term borrowings and proceeds from the sale of equity. Cash from operations was $503 million, and net cash from financing was $614 million after common dividends of $184 million. Capital spending totaled $1.1 billion in 2001.

In light of the accelerated equity commitments for the Union and Gila River projects under the bank financing plan, an unexpected deterioration in the bank project finance market which caused a planned financing to not materialize, and the capital requirements for committed regulated and unregulated projects, TECO Energy took several steps to strengthen its balance sheet in 2002 and provide cash for its construction program. In January 2002, the company reduced its previous capital expenditure forecast for 2002 through 2004 by about $700 million, primarily by delaying indefinitely generation projects that were not yet under construction for TPS and Tampa Electric, including the Bayside Units 3 and 4 repowering projects announced in the fall of 2001.

In September 2002, TECO Energy announced additional plans to meet its 2003 construction commitments without raising incremental debt, identifying a total amount required of $900 million. By the end of 2002, TECO Energy had completed 70 percent of its $900 million target by: 1) reducing by $250 million capital spending projections (which included amounts higher than earlier estimates); 2) selling the TECO Coalbed Methane gas assets for $140 million, with $42 million received in December and the remainder received in January 2003; 3) realizing $55 million of cash from repatriation and additional cash from non-recourse-financing of the Guatemalan generating assets; and 4) raising $207 million from the sale of common equity in October.

Tampa Electric has signed a letter of intent for the sale of its gasifier unit, and TECO Coal is continuing discussions with potential buyers of interests in its synthetic fuel production facilities. Completion of these activities, which will complete the 2003 funding plan, is expected late in the first quarter or early in the second quarter of 2003.

Estimated cash needs for 2003 include capital spending of $727 million for normal renewal and replacement capital as well as project commitments of Tampa Electric and TPS, including $375 million related to payment of the Union and Gila River projects equity bridge loan. (See the **Summary of Contractual Obligations** section.) Long-term debt maturities of $127 million are due in 2003, and a bank term loan of $350 million matures in November. TECO Energy expects to rely on cash on hand and internally generated cash from operations and from asset sales to fund these cash needs and the payment of dividends to shareholders. (See the **Bank Credit Facilities and Covenants in Financing Agreements** sections.) Based on its cash flow forecasts, TECO Energy expects to have at least $600 million of cash and capacity under the bank credit facilities at the end of the first, second and third quarters of 2003 and, if it renews its bank facilities in full, at the end of 2003.

TECO Energy has identified in this Management's Discussion & Analysis (including in **Investment Considerations**), several factors that could cause its operating cash flow to be lower than forecasted. One of these factors is the margins it may realize for production from its merchant power facilities. Because of TECO Energy's expansion in the merchant power business, its cash flow has become increasingly dependent upon power margins.

TECO Energy has not made a contribution to its defined benefit pension plan since the 1995 plan year because investment returns have been more than sufficient to cover liability growth. Negative stock market returns over the past three years have reduced the over-funding of the defined benefit plan. Based on plan asset values at Jan. 1, 2003, it is estimated that TECO Energy will be required to make a $15 million contribution to its defined benefit plan in September 2004. (See **Note K** to the **Consolidated Financial Statements**.)

Bank Credit Facilities

At Dec. 31, 2002, TECO Energy had a bank credit facility of $350 million, and Tampa Electric had a bank credit facility of $300 million, with maturity dates of November 2004 and November 2003, respectively. Both were undrawn at Dec. 31, 2002, except for outstanding letters of credit under the TECO Energy facility. In November 2002, TECO Energy converted another $350 million bank credit line then in effect into a one-year term loan due November 2003. TECO Energy expects to have discussions with the bank-lending group with the objective of renewing the facility before the loan matures.

The TECO Energy bank credit facility maturing November 2004 includes a $250 million sublimit for letters of credit capacity. At Dec. 31, 2002, $180 million of letters of credit were outstanding against that line, primarily related to the construction of the Union and Gila River power stations. These letters of credit of $62 million and $88 million for Union and Gila River, respectively, were replacements for the letters of credit posted by Enron and drawn by the TPS/Panda joint venture following Enron's bankruptcy filing. In addition, at Dec. 31, 2002, TECO Energy and its subsidiaries had $5 million of letters of credit outside of its bank credit line facility outstanding. (See the **Covenants** in **Financing Agreements** section.)

The Tampa Electric bank credit facility requires commitment fees of 15 basis points, and drawn amounts are charged interest at LIBOR plus 85-97.5 basis points at current credit ratings. The TECO Energy credit facility requires commitment fees of 15-20 basis points and drawn amounts incur interest expense at LIBOR plus 35-60 basis points at current credit ratings. TECO Energy expects that the cost of its facility will increase upon renewal.

The September 2002 downgrade by Standard & Poor's Ratings Service (S&P) of TECO Energy's commercial paper program to A-3 eliminated TECO Energy's access to the commercial paper market. Tampa Electric continues to have access to the commercial paper market with its A2/P1/F2 rated commercial paper program and had $11 million of commercial paper outstanding at Dec. 31, 2002. The lack of access to the commercial paper market has caused TECO Energy to utilize its bank credit facilities for short-term borrowing needs.

Credit Ratings/Senior Unsecured Debt

	Fitch	*Moody's*	*Standard & Poor's*
Tampa Electric	A–	A2	BBB
TECO Finance / TECO Energy	BBB	Baa2	BBB-

In September 2002, Moody's Investor Services, Inc. (Moody's), S&P and Fitch Investor Services, Inc. (Fitch). lowered the ratings on the senior unsecured debt securities of TECO Energy, TECO Finance and Tampa Electric. The outlook assigned to TECO Energy by Moody's and S&P is negative while the outlook assigned by Fitch is stable. The ratings actions were attributed to increased debt levels and the changing risk profile associated with the expansion of TECO Energy's investment in merchant generation facilities through TPS, as well as the required capital outlays of Tampa Electric, the outlook for low power prices in the merchant energy sector and the negative impacts on earnings and cash flow, and the additional risks and obligations undertaken by TECO Energy with respect to the Union and Gila River power stations. These downgrades followed downgrades in 2001 and 2000 by all of the rating agencies due to the changing risk profile of TECO Energy related to the increased emphasis on merchant power.

These downgrades and any future downgrades may affect TECO Energy's ability to borrow and may increase financing costs, which may decrease earnings. TECO Energy's interest expense is likely to increase when maturing debt is replaced with new debt with higher interest rates due to the lower credit ratings.

Summary of Contractual Obligations

The following table lists the obligations of TECO Energy and its subsidiaries for cash payments to repay debt, lease payments and unconditional commitments related to capital expenditures. This table does not include contingent obligations discussed in the following table.

Contractual Obligations

		Payments Due by Period			
(millions)	*Total*	*2003*	*2004*	*2005-2007*	*After 2007*
Long-term debt	$ 3,426.1	$ 101.8	$ 31.9	$ 1,048.9	$ 2,243.5
Capital lease obligation	25.3	25.3	—	—	—
Operating leases/rentals	230.4	27.8	26.9	63.0	112.7
Unconditional purchase obligations/commitments (1)	563.0	461.6	41.4	60.0(3)	—
Other long-term obligations (2)	649.1	—	—	449.1	200.0
Total contractual obligations	$ 4,893.9	$ 616.5	$ 100.2	$ 1,621.0	$ 2,556.2

(1) Includes the expected repayment of $375 million on the TECO Energy guaranteed equity bridge loan at TPS for the construction of the Union and Gila River power stations.

(2) Includes the expected redemption of company preferred securities held as assets of TECO Capital Trusts I and II.

(3) TPS' obligation to purchase Panda's interest in the Union and Gila River power stations in 2007, unless Panda buys out that purchase agreement in advance. (See the **TECO Power Services – Construction Activities** section.)

Summary of Contingent Obligations

The following table summarizes the letters of credit and guarantees outstanding that are not included in the Summary of Contractual Obligations table above and not otherwise included in the company's Consolidated Financial Statements.

		Commitment Expiration			
(millions)	*Total (2)*	*2003*	*2004*	*2005-2007*	*After 2007*
Letters of Credit (1)	$ 185.0	$ 128.0	$ 27.1	$ —	$ 29.9
Guarantees:					
Debt related	23.7	—	—	—	23.7
Construction undertaking (3)	60.0	60.0	—	—	—

(1) Expected final expiration date with annual renewals.

(2) Expected maximum exposure.

(3) The construction undertaking of $60 million reflected in the table represents the estimated maximum probable exposure associated with completing construction of the Union and Gila River power stations if actual costs exceed current estimates and in-service dates are delayed beyond current estimates. This contingent obligation estimate is net of retainage letters of credit posted for these projects. This estimate will decline rapidly as construction progresses and units are brought into service. (See the **TECO Power Services – Construction Activities** section.)

Covenants in Financing Agreements

In order to utilize their respective bank credit facilities, TECO Energy and Tampa Electric must meet certain financial tests. TECO Energy's credit facilities and the financing arrangements of TPS' Union and Gila River power stations require that at each quarter-end TECO Energy's debt-to-capital ratio, as defined in the applicable agreements, not exceed 65%. Under Tampa Electric's 364-day credit facility, renewed in November 2002, its debt-to-capital ratio may not exceed 60 percent at the end of the applicable quarter and its earnings before interest, taxes, depreciation and amortization (EBITDA) to interest coverage ratio (as defined in the agreement) can not be less than 2.5 times. Certain long-term debt at PGS contains a prohibition on the incurrence of funded debt if Tampa Electric's debt-to-capital ratio, as defined in the applicable agreement, exceeds 65%. The PGS debt also contains a Tampa Electric interest coverage requirement, as defined in the applicable agreement, of 2.0 times or greater for four consecutive quarters, and certain TPS financing arrangements require a TECO Energy consolidated interest coverage, as defined in the applicable agreement, equal to or exceeding 3.0 times for the twelve-month period ended each quarter. At Dec. 31, 2002, TECO Energy's and Tampa Electric's debt-to-capital ratios, as applicable,

were 55.9 percent and 43.9 percent, respectively, and interest coverage, as applicable, was 3.6 times and 7.8 times, respectively. TECO Energy expects that renewal of its facility will require covenants similar to Tampa Electric's.

The TECO Energy guarantees of the Union and Gila River power stations equity bridge financing, equity contribution agreement and construction undertaking require that TECO Energy maintain senior unsecured credit ratings of not less than BBB and Baa3 or BBB- and Baa2. TECO Energy's current ratings are at the minimum required level. A further downgrade from either S&P or Moody's would trigger a failure to meet that requirement, thereby requiring the delivery of letters of credit, which the company currently estimates could approximate $450 million, to secure the obligations. In the event of a downgrade, under the terms of the construction contract guarantees, TECO Energy is required to deliver letters of credit in an amount equal to the full construction contract price and any change orders and cost overruns or such lesser amount satisfactory to the majority of the lenders for the Gila River and Union power stations. TECO Energy believes that the amounts required would be based on the estimated amounts reasonably necessary to cover the remaining payment and performance obligations under the construction contracts. As of January 2002, when documenting the construction contract guarantees with the lenders for the Gila River and Union power projects, the maximum amount necessary to cover the payment and performance obligations of the contractor was estimated to be approximately $310 million, net of approximately $150 million in letters of credit previously issued to the lenders as security for the projects. Based on the construction status as of Dec. 31, 2002, TECO Energy estimates the maximum amount necessary to cover the payment and performance obligations of the contractor to be approximately $60 million, net of the approximately $150 million in letters of credit previously issued as security. This $60 million is included in the $450 million amount referenced above. The amount of the letters of credit that would be required to be delivered declines as equity is contributed to the projects, the bridge loan is repaid and the levels of construction completion increase.

TECO Energy's 10.5% 5-year notes issued in November 2002 contain covenants that will, among other things, in the event of certain debt ratings downgrades, require TECO Energy to achieve certain debt service coverage levels in order to pay dividends or distributions or make certain investments, and limit additional liens and issue additional indebtedness. The covenants apply only if either the notes are rated non-investment grade by either S&P or Moody's or the notes are rated below the levels required by the equity bridge loan and Union and Gila River construction undertaking while those obligations are outstanding. If these covenants become applicable, the coverage requirement would restrict TECO Energy from paying dividends or distributions or making certain investments unless cumulative EBITDA to interest coverage is at least 1.7 times.

Capital Investments

	Actual	*Forecast*			
$ (millions)	*2002*	*2003*	*2004*	*2005-2007*	*2003-2007 Total*
Florida Operations	$ 662	$ 272	$ 266	$ 725	$ 1,263
Independent Power	1,027	424	25	75	524
Transportation	25	15	21	61	97
Other	50	16	23	55	94
Total	$ 1,764	$ 727	$ 335	$ 916	$ 1,978

TECO Energy's 2002 capital investments of $1,764 million (without reduction for asset sale proceeds of $103 million) included $597 million for Tampa Electric (excluding $35 million of AFUDC), $54 million for PGS and $11 million for the unregulated Florida operations. Tampa Electric's electric division capital investments in 2002 were $169 million for equipment and facilities to meet its growing customer base and generating equipment maintenance, $343 million for the repowering and conversion of the coal-fired Gannon Station to the natural gas-fired Bayside Station (see the **Environmental Compliance** section), and $85 million for the 180 MW Polk Unit 3 peaking combustion turbine and future generation expansion requirements. Capital expenditures for PGS were approximately $39 million for system expansion and approximately $12 million for maintenance of the existing system. TECO Transport invested $25 million in 2002 for river barge replacements and capitalized maintenance of ocean-going vessels. TECO Coal's capital expenditures included $48 million for the expansion of production at Perry County and Clintwood as well as normal equipment replacements. TPS' capital investments totaled $1,027 million, primarily related to the Union, Gila River, Dell and McAdams power stations. This $1,027 million includes $672 million classified as Other Non-Current Investments, shown as notes receivable from TPGC (see the **Transactions With Related and Certain Other Parties** section), which represents TECO Energy's equity contributions for the Union and Gila River projects. The Union and Gila River contributions are initially made in the form of loans to TECO-Panda Generating Company (TPGC) and become equity as the units' specified phases come into service.

TPS expenditures represent the equity funding of project costs and exclude amounts funded by non-recourse project financing for the Union and Gila River power stations, which amounted to $627 million in 2002. (See **TECO Power Services – Construction Activity** and **Item 3. Legal Proceedings** sections.)

Asset sale proceeds of $103 million in 2002 included proceeds from the sale of TECO Coalbed Methane's assets, real estate sales, and TECO Transport's sale and lease-back of vessels and barges accounted for as an operating lease.

TECO Energy estimates capital spending for ongoing operations, without reduction for proceeds from asset sales, to be $727 million for 2003, $335 million for 2004 and $916 million during the 2005-2007 period. TECO Energy's funding plan for these expenditures includes the asset sales described in the **Strategy and Outlook** section.

For 2003, Tampa Electric's electric division expects to spend $232 million, consisting of $78 million for the repowering project at the Gannon Station and $154 million to support system growth and generation reliability. At the end of 2002, Tampa Electric had outstanding commitments of about $119 million for the Gannon Power Station repowering project. Tampa Electric's total capital expenditures over the 2004-2007 period are projected to be $841 million, including $67 million for the repowering project and $141 million for compliance with the Environmental Consent Decree. (See the **Environmental Compliance** section.)

Capital expenditures for PGS are expected to be about $40 million in 2003 and $160 million during the 2004-2007 period. Included in these amounts are approximately $25 million annually for projects associated with customer growth and system expansion. The remainder represents capital expenditures for ongoing renewal, replacement and system safety.

TPS expects to invest $424 million in 2003 primarily for the completion of the Union and Gila River power stations. These investments include $375 million to repay the outstanding amounts due under the project company's equity bridge loan guaranteed by TECO Energy, which is expected to be repaid in three $125 million installments in the second, third and fourth quarters of 2003.

The other unregulated companies expect to invest $31 million in 2003 and $160 million during the 2004-2007 period. Included in these amounts is normal renewal and replacement capital including coal mining equipment.

Financing Activity

TECO Energy's 2002 year-end capital structure, excluding the effect of unearned compensation, was 53.7 percent debt, 9.1 percent company preferred securities and 37.2 percent common equity. TPS typically finances its power projects with non-recourse project debt. Excluding this non-recourse debt of $232.4 million, the year-end capital structure was 52.1 percent debt, 9.4 percent company preferred securities and 38.5 percent common equity.

In 2002, TECO Energy was active in the debt and equity capital markets raising $1 billion through the sale of equity or equity-linked securities and issuing $1.8 billion of debt to refinance $788 million of maturing debt, to refinance $162 million of higher-cost debt, to reduce short-term borrowing by $278 million and to fund capital investments at the operating companies. These transactions and financings in 2002 and 2001 are detailed in the following table.

Date	Security	Company	Net Proceeds (millions)	Coupon	Use
Dec. 2002	7-year non-recourse bank loan	TECO Power Services	$30	6%	Refinance Alborada Power Station and general corporate purposes
Nov. 2002	5-year notes	TECO Energy	$352	10.5%	Repay short- and long-term debt, and general corporate purposes
Oct. 2002	Common Equity	TECO Energy	$207	—	Repay short-term debt
Aug. 2002	5-year notes	Tampa Electric	$149	5.375%	Repay maturing long-and short-term debt, and general corporate purposes
Aug. 2002	10-year notes	Tampa Electric	$394	6.375%	Repay maturing long-and short-term debt, and general corporate purposes
Jun. 2002	Pollution control bonds	Tampa Electric	$61	5.1%	Refinance higher cost debt
Jun. 2002	Pollution control bonds	Tampa Electric	$86	5.5%	Refinance higher cost debt
Jun. 2002	Common Equity	TECO Energy	$346	—	Repay short-term debt, and general corporate purposes
May 2002	5-year notes	TECO Energy	$297	6.125%	Repay maturing short-term debt, and general corporate purposes
May 2002	10-year notes	TECO Energy	$397	7.0%	Repay maturing short-term debt, and general corporate purposes
Jan. 2002	Mandatorily Convertible equity units	TECO Energy	$436	9.5%	Repay short-term debt, and general corporate purposes
Oct. 2001	Common Equity	TECO Energy	$93	—	General corporate purposes
Sept. 2001	10-year notes	TECO Energy	$206	7.2 %	Repay maturing debt, and general corporate purposes
Jun. 2001	11-year notes	Tampa Electric	$247	6.875%	Repay long- and short-term debt, and general corporate purposes
May 2001	1-year notes	TECO Energy	$399	Variable	Repay short-term debt
May 2001	10-year notes	TECO Energy	$396	7.2%	Repay short-term debt, and general corporate purposes
Apr. 2001	6-year notes	TECO Transport	$111	5.0%	Convert floating rate debt to fixed rate debt
Mar. 2001	Common Equity	TECO Energy	$232	—	Repay short-term debt, and general corporate purposes

Off-Balance Sheet Financing

Unconsolidated affiliates in which TPS has a 50% ownership interest or less have non-recourse project debt balances as follows at Dec. 31, 2002. This debt is recourse only to the unconsolidated affiliate, and TECO Energy has no debt payment obligations with respect to these financings. Although TECO Energy is not obligated on the debt, TECO Energy's equity interest in those unconsolidated affiliates and its commitments with respect to those power projects are at risk if those projects are not successfully developed.

Affiliate	Affiliate Debt Balance (millions)	TPS Ownership Interest
Union & Gila River	$ 1,175	50%
EEGSA	$ 200	24%
Hamakua	$ 86	50%

The equity method of accounting is used to account for investments in partnership and corporate entities in which TECO Energy or its subsidiary companies do not have either a majority ownership or exercise control. On Jan. 17, 2003, the Financial Accounting Standards Board issued FASB Interpretation (FIN) No. 46, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51, which requires a new approach in determining if a reporting entity should consolidate certain legal entities, including partnerships, limited liability companies, or trusts, among others, collectively defined as variable interest entities or VIEs. Based on a preliminary review, TECO Energy believes it is reasonably possible that FIN 46 may impact the accounting for certain unconsolidated affiliates. (See the **Other Accounting Standards – Variable Interest Entities** section.)

In June 2001, TPS and its joint venture partner, Panda, closed on a $2.175 billion syndicated bank financing for the construction of the Union and Gila River power stations. The financing includes $1.675 billion in five-year non-recourse debt (including facilities for letters of credit) and $500 million in equity bridge loans guaranteed by TECO Energy of which $125 million was repaid in 2002. Pricing for the non-recourse segment is 162.5 basis points over LIBOR during the construction period and increases to 175 basis points for year one of operation and 200 basis points for years two and three.

The TPGC debt balance is expected to reach $1.4 billion upon completion of construction of the Union and Gila River power stations in 2003.

In addition, TECO Energy has other debt-related items totaling $23.7 million. These facilities are not included in liabilities on TECO Energy's consolidated balance sheet, but do represent payment obligations of TECO Energy.

In March 2001, TPS converted the third-party construction financing for the Hamakua Power Station into a synthetic equipment operating lease with a term of five years. The lessor is an unaffiliated entity.

Critical Accounting Policies and Estimates

The following accounting policies are considered critical in the view of management. These critical accounting policies require that critical estimates be made based on the assumptions and judgment of management. The preparation of consolidated financial statements requires management to make various estimates and assumptions that affect revenues, expenses, assets, liabilities and disclosure of contingencies. The policies and estimates identified below are the more significant accounting policies and estimates used in the preparation of TECO Energy's consolidated financial statements. These estimates and assumptions are based on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and judgments under different assumptions or conditions.

See the **Notes to the Consolidated Financial Statements** for a description of TECO Energy's accounting policies and the estimates and assumptions used in the preparation of the Consolidated Financial Statements.

Asset Impairments

TECO Energy and its subsidiaries periodically evaluate whether there has been a permanent impairment of an asset as follows:

- Long-lived assets, when indicators of impairment exist, in accordance with Financial Accounting Standard No. (FAS) 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of, and beginning in 2002, with FAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets; and
- Recognized goodwill and other intangible assets with indefinite lives, annually in accordance with FAS 142. (See the **Goodwill and Other Intangible Assets** section.)

The company believes that the accounting estimate related to asset impairments is a critical estimate for the following reasons: 1) it is highly susceptible to change each reporting period as management is required to make assumptions based on expectations of the results of operations for significant/indefinite future periods and/or the then-current market conditions in such periods; 2) electricity markets continue to experience significant price uncertainty with respect to market fundamentals; 3) the ongoing expectations of management regarding the future use of the asset; and 4) the impact of an impairment on reported assets and earnings would be material. The company's assumptions relating to future results of operations are based on a combination of historical experience, fundamental economic analysis, observable market activity and independent market studies. The assumptions made are consistent with generally accepted industry approaches and assumptions used for valuation and pricing activities. (See **Notes A, C** and **S** to the **Consolidated Financial Statements.**)

Long-Lived Assets

TECO Energy adopted FAS 144, with no significant impact on earnings, effective Jan. 1, 2002. During the year ended Dec. 31, 2002, the company evaluated certain merchant generation plants for impairment in accordance with FAS 144. The company concluded that the sum of the undiscounted expected future cash flows (excluding interest charges) from each individual plant exceeded the then-current carrying value of the plant. In accordance with FAS 144, the company did not recognize an impairment charge. If an impairment charge were required to be recognized, the amount of the loss would be determined by calculating the difference of the fair value and the then-current carrying value of the asset.

Goodwill and Other Intangible Assets

Prior to 2002, goodwill was amortized each year. As of Dec. 31, 2001, TECO Energy had $166 million of goodwill, net of accumulated amortization of $10 million. The adoption of FAS 142 on Jan. 1, 2002 resulted in the elimination of approximately $5 million of annual amortization. (See **Notes C** and **S** to the **Consolidated Financial Statements.**)

In accordance with the transition provisions of FAS 142, TECO Energy evaluated all reporting units where goodwill is recorded for impairment. Reporting units are generally determined as one level below the operating segment level; however, reporting units with similar characteristics may be grouped under the accounting standard for the purpose of determining the impairment, if any, of goodwill and other intangible assets. For each reporting unit evaluated, the fair value exceeded the carrying value, including goodwill, as of the valuation date, Jan. 1, 2002. During 2002, in accordance with the ongoing requirements of the standard, the company evaluated all reporting units where goodwill is recorded for impairment. The fair value for the reporting units evaluated was generally determined using discounted cash flow models appropriate for the business model of each significant group of assets within each reporting unit. No impairment loss was recorded during 2002 for goodwill or other intangible assets with indefinite lives.

Asset Retirement Obligations

In July 2001, the FASB issued FAS 143, Accounting for Asset Retirement Obligations, which requires the recognition of a liability at fair value for an asset retirement obligation in the period in which it is incurred. Retirement obligations associated with long-lived assets included within the scope of FAS 143 are those for which there is a legal obligation to settle under existing or enacted law, statute, written or oral contract, or by legal construction under the doctrine of promissory estoppel. Retirement obligations are included in the scope of the standard only if the legal obligation exists in connection with or as a result of the permanent retirement, abandonment or sale of a long-lived asset.

When the liability is initially recorded, the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its future value. The corresponding amount capitalized at inception is depreciated over the useful life of the asset. The liability must be revalued each period based on current market prices. FAS 143 is effective for fiscal years beginning after June 15, 2002. The company estimates that the adoption of FAS 143 will result in a non-cash increase to net property, plant and equipment of approximately $8 million, a non-cash increase to asset retirement obligation of approximately $10 million, and, as a cumulative effect of change in accounting principle, a non-cash pretax charge of approximately $2 million.

Asset retirement obligations are comprised of significant estimates which, if different, could materially impact the results of TECO Energy. The company believes these are critical estimates because: 1) the fair value of the costs associated with meeting the obligation are impacted by assumptions on discount rates and estimated profit mark-ups by third-party contractors; 2) probability factors associated with the future sale, abandonment or retirement of an asset must be forecasted and considered in the calculations; 3) the expectations and intent of management regarding the future use of long-lived assets; and 4) the impact of the recognition of an asset impairment obligation could be significant. Upon adoption, effective Jan. 1, 2003, TECO Energy and affiliates are maintaining controls and periodically reviewing all new legal arrangements and contractual commitments to ensure that any new potential asset retirement obligations are reviewed and recognized as appropriate. (See **Note A** to the **Consolidated Financial Statements.**)

Unconsolidated Affiliates

TECO Energy has investments in unconsolidated affiliates that are accounted for using the equity method of accounting. See the **Other Accounting Standards** section for a detailed discussion of the accounting policies for unconsolidated affiliates, the anticipated impact of the adoption of a new accounting policy (FIN 46) for consolidation of certain legal entities, and critical assumptions and judgments which must be made regarding the application of the accounting policies. (See **Note A** to the **Consolidated Financial Statements.**)

Employee Postretirement Benefits

TECO Energy has a funded non-contributory defined benefit retirement plan covering substantially all employees. The company's policy is to fund the plan based on actuarially determined contributions within the guidelines set by the Employee Retirement Income Security Act of 1974, as amended (ERISA), for the minimum annual contribution and the maximum allowable as a tax deduction by the IRS. Plan assets are invested in a mix of equity and fixed income securities. In addition, TECO Energy and its subsidiaries currently provide certain postretirement health care and life insurance benefits for substantially all employees retiring after age 50 meeting certain service requirements. In addition, the company has unfunded supplemental executive retirement benefit plans—non-qualified, non-contributory defined benefit retirement plans available to certain senior management.

The determination of the benefit expense is a critical estimate due to the following factors: 1) management must make significant assumptions regarding the discount rate, return on assets, rate of salary increases and health care cost trend rates; 2) costs are based on actual employee demographics, including the turnover rate, retirement rate, mortality rate, employment periods, compensation levels and age, each of which are subject to change in any given period; 3) the plan provisions may be changed by management action in future periods; and 4) the impact of changes in any of these assumptions is likely to result in a material impact on the recorded pension obligation and expense. Management reviews these assumptions periodically to reflect the company's actual experience.

The discount rate for pension cost purposes is the rate at which the pension obligations could be effectively settled. At Dec. 31, 2002, the discount rate used for actuarial purposes was 6.75%, as determined by reference to Moody's Aa bond rate as of Sep. 30, 2002. A hypothetical 25 basis point change in the discount rate would impact pension expense by approximately $2 million.

The assumed rate of return on assets is the weighted average of expected long-term asset return assumptions. In selecting an assumed rate of return on plan assets, the company considers past performance and economic forecasts for the types of investments held by the plan. At Dec. 31, 2002, the return on assets used for actuarial purposes was 9%. A hypothetical 25 basis point change in the return on assets would impact pension expense by approximately $1 million.

The assumed health care cost trend rate was 12.5% in 2002 and decreases to 5.0% in 2013 and thereafter. A 100 basis point increase in the trend rate would impact the aggregate service and interest cost by $1.1 million for 2002 and the accumulated postretirement benefit obligation by $9.5 million, and a 100 basis point decrease in the trend rate would impact the aggregate service and interest cost by ($0.5) million for 2002 and the accumulated postretirement benefit obligation by ($5.0) million, as of Sept. 30, 2002. (See **Note K** to the **Consolidated Financial Statements**.)

Derivative Instruments and Hedging

From time to time, TECO Energy enters into derivative instruments to reduce the exposure to market risks. The company does not enter into derivatives for speculative purposes. See the **Quantitative and Qualitative Disclosures About Market Risk** section for a discussion of the accounting policy for derivatives and hedging activities, variables used in estimating the fair value of derivative instruments, assumptions made with respect to forecasted transactions, and a discussion of the strategy and objectives related to the use of energy derivatives to mitigate various exposures to risk and uncertainty. (See **Notes A** and **B** to the **Consolidated Financial Statements**.)

Deferred Income Taxes

TECO Energy uses the liability method in the measurement of deferred income taxes. Under the liability method, the company estimates its current tax exposure and assesses the temporary differences resulting from differing treatment of items, such as depreciation for financial statement and tax purposes. These differences are reported as deferred taxes measured at current rates in the consolidated financial statements. The company assesses the likelihood that deferred tax assets will be recovered from future taxable income and to the extent recovery of some portion or all of the deferred tax asset is not believed to be likely, the company would establish a valuation allowance.

At Dec. 31, 2002, TECO Energy had deferred income tax assets of $340 million attributable primarily to alternative minimum tax credit carryover of Section 29 non-conventional fuels tax credits and property-related items. The carrying value of the company's deferred income tax assets assumes that the company will be able to realize this asset as an offset to future income taxes payable. The company periodically reviews the deferred income tax assets and, to the extent that recovery would be determined to be unlikely, a valuation reserve would be charged to income. The company believes that the accounting estimate related to deferred income taxes, and any related valuation allowance, is a critical estimate for the following reasons: 1) recoverability of future Section 29 non-conventional fuel tax credits is dependent on the generation of sufficient taxable income to use these credits; and 2) administrative actions of the Internal Revenue Service or the U.S. Treasury or changes in law or regulation could eliminate or reduce the availability of Section 29 tax credits. A change in the recoverability of Section 29 tax credits could have a material impact on reported assets and results of operations. (See **Notes A** and **M** to the **Consolidated Financial Statements**.)

Cost Capitalization

During 2002, TECO Energy devoted resources to the completion and construction of additional generation capacity at Tampa Electric and TPS, extension of the transmission network and enhancement to the system's reliability at Tampa Electric, expansion of the pipeline distribution infrastructure at PGS, normal river barge replacement at TECO Transport and expansion of production capacity at TECO Coal. The cost of additions, including improvements and replacements of property is charged to plant. TECO Energy capitalizes direct costs and certain indirect costs, including the cost of debt and equity capital as appropriate, associated with its construction and retirement activity as prescribed by generally accepted accounting principles and recognized policies prescribed or permitted by the FPSC and/or the FERC. (See the **Regulation** section.)

The amount of capitalized overhead construction costs is based upon analysis of company and affiliate construction activity. Costs are capitalized based on the activity level of resources allocated to construction activities. As a result, the company's net income could be impacted by the manner and timing of the deployment of resources to construction activities. However, total cash flow is not impacted by the allocation of these costs to the various construction or maintenance activities. Due to the magnitude of construction undertakings, fluctuations in net income, as a result of cost capitalization, could be significant. Capitalized costs will be expensed as a component of depreciation when the assets are placed in service. (See **Notes A** and **D** to the **Consolidated Financial Statements.**)

Depreciation Expense

TECO Energy 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 4.2% for 2001 and 2002. The company believes the estimated service life corresponds to the anticipated physical life for most assets. However, the company's estimation of service life is a critical estimate for the following reasons: 1) forecasting the salvage value for long-lived assets over a long timeframe is subjective; 2) changes may take place that could render a technology obsolete or uneconomical; and 3) a change in the useful life of a long-lived asset could have a material impact on reported results of operations and reported assets. Although it is difficult to predict values far into the future, TECO Energy has a long history of actual costs and values that are considered in reaching a conclusion as to the appropriate useful life of an asset. (See **Note A** to the **Consolidated Financial Statements.**)

Regulatory Accounting

Tampa Electric's and PGS' retail businesses and the prices charged to customers are regulated by the FPSC. Tampa Electric's wholesale business is regulated by the FERC. (See the **Regulation** section.) As a result, the regulated utilities qualify for the application of FAS 71, *Accounting for the Effects of Certain Types of Regulation*. This statement recognizes that the actions of a regulator can provide reasonable assurance of the existence of an asset or liability. Regulatory assets and liabilities arise as a result of a difference between generally accepted accounting principles and the accounting principles imposed by the regulatory authorities. Regulatory assets generally represent incurred costs that have been deferred as they are probable of future recovery in customer rates. Regulatory liabilities generally represent obligations to make refunds to customers from previous collections for costs that are not likely to be incurred.

TECO Energy periodically assesses whether the regulatory assets are probable of future recovery by considering factors such as regulatory environment changes, recent rate orders to other regulated entities in the same jurisdiction, the current political climate in the state, and the status of any pending or potential deregulation legislation. The assumptions and judgments used by regulatory authorities continue to have an impact on the recovery of costs, the rate earned on invested capital and the timing and amount of assets to be recovered by rates. A change in these assumptions may result in a material impact on reported assets and the results of operations. (See **Notes A** and **D** to **the Consolidated Financial Statements.**)

Revenue Recognition

TECO Energy and its subsidiaries recognize revenues, except as discussed below, on a gross basis when the risks and rewards of ownership have transferred to the buyer and the products are physically delivered or services provided. Revenues for any financial or hedge transactions that do not result in physical delivery are reported on a net basis.

The determination of the physical delivery of energy sales to individual customers is based on the reading of meters, which occurs on a regular basis. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading may be estimated and the corresponding unbilled revenue is estimated. Unbilled revenue is estimated each month primarily based on historical experience, customer-specific factors, customer rates, and daily generation volumes, as applicable. These revenues are subsequently adjusted to reflect actual results.

Revenues for regulated activities at Tampa Electric and PGS are subject to the actions of regulatory agencies. (See the **Regulation** section.)

The percentage of completion method is used to recognize revenues for certain transportation services at TECO Transport and for long-term engineering or construction-type contracts at TECO Energy Services (formerly known as TECO BGA and BCH Mechanical). The percentage of completion method requires management to make estimates regarding the distance traveled and/or time elapsed for TECO Transport and total costs and work-in-progress for TECO Energy Services. Revenue is recognized by comparing the estimated current total distance traveled or work completed with the total distance or cost estimate for each project. Each month, revenue recognition and realized profit are adjusted to reflect only the percentage of distance traveled or work completed.

Revenues for energy marketing services at Prior Energy and TECO Gas Services are presented on a net basis in accordance with Emerging Issues Task Force No. (EITF) 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*, to reflect the nature of the contractual relationships with customers and suppliers. Revenues for risk management and merchant power sales at TPS are reported on a gross basis, except for gains or losses related to hedge accounting, which are reported net of the hedged item or transaction.

TECO Energy estimates certain amounts related to revenues on a variety of factors, as described above. Actual results may be different from these estimates. (See **Note A** to the **Consolidated Financial Statements**.)

Other Accounting Standards

Business Combinations

In June 2001, the FASB issued FAS 141, *Business Combinations*. FAS 141 requires all business combinations initiated after June 30, 2001, to be accounted for using the purchase method of accounting. TECO Energy has applied the provisions of FAS 141 since June 30, 2001 to all business combinations initiated after that date. (See the **Goodwill and Other Intangible Assets** section and **Note S** to the **Consolidated Financial Statements**.)

Lease Accounting Amendment

In April 2002, the FASB issued FAS 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*. In addition to rescinding the aforementioned statements, FAS 145 amends FAS 13, *Accounting for Leases*, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The implementation of FAS 145 has not had a significant impact on TECO Energy's results.

Exit or Disposal Costs

In July 2002, the FASB issued FAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*, which addresses the accounting for costs under certain circumstances, including costs to terminate a contract that is not a capital lease, costs to consolidate facilities or relocate employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred compensation contract. FAS 146 is effective for disposal activities initiated after Dec. 31, 2002 with early adoption allowed. (See **Note T** to the **Consolidated Financial Statements**.)

Gains and Losses on Energy Trading Contracts

On Oct. 25, 2002, the Emerging Issues Task Force issued EITF 02-3, *Recognition and Reporting of Gains and Losses on Energy Trading Contracts Under Issues No. 98-10 and 00-17*, which eliminates mark-to-market accounting for certain energy trading contracts and changes the presentation of gains and losses for certain derivative contracts. The measurement provisions of the issue are effective for all fiscal periods beginning after Dec. 15, 2002. The net presentation provisions are effective for all financial statements issued after Dec. 15, 2002. In accordance with the recommended transition provisions, TECO Energy reclassified certain amounts in prior periods to present gains and losses on a net basis. (See **Note A** to the **Consolidated Financial Statements**.) The adoption of the measurement provisions is not expected to have a material impact.

Guarantor's Accounting and Disclosure Requirements for Guarantees

In November 2002, the FASB issued FIN 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others (an interpretation of FAS No. 5, 57 and 107 and rescission of FAS Interpretation No. 34)*, which modifies the accounting and enhances the disclosure of certain types of guarantees. FIN 45 requires that upon issuance of certain guarantees, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee. FIN 45's provisions for the initial recognition and measurement are to be applied to guarantees issued or modified after Dec. 31, 2002. The disclosure requirements are effective for financial statements of annual periods that end after Dec. 15, 2002. (See **Note R** to the **Consolidated Financial Statements**.)

Stock-Based Compensation

In December 2002, the FASB issued FAS 148, *Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123*. This standard amends FAS 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition for companies that voluntarily change to the fair value based method of accounting for stock-based employee compensation. It also requires prominent disclosure about the effects on reported net income of the company's accounting policy decisions with respect to stock-based employee compensation in both annual and interim financial statements. The transition provisions and annual disclosure requirements are effective for all fiscal years ending after Dec. 15, 2002, while the interim period disclosure requirements are effective for all interim periods beginning after Dec. 15, 2002. TECO Energy does not anticipate the adoption of the disclosure provisions of this standard to have a material impact. (See **Note I** to the **Consolidated Financial Statements**.)

Variable Interest Entities

The equity method of accounting is used to account for investments in partnership and corporate entities in which TECO Energy or its subsidiary companies do not have either a majority ownership or exercise control. On Jan. 17, 2003, the FASB issued FIN 46, *Consolidation of Variable Interest Entities*, an interpretation of ARB No. 51, which requires a new approach in determining if a reporting entity should consolidate certain legal entities, including partnerships, limited liability companies, or trusts, among others, collectively defined as variable interest entities or VIEs. A legal entity is considered a VIE if it does not have sufficient equity at risk to finance its own activities without relying on financial support from other parties. If the legal entity is a VIE, then the reporting entity that is the primary beneficiary must consolidate it. Even if a reporting entity is not obligated to consolidate a VIE, then certain disclosures must be made about the VIE if the reporting entity has a significant variable interest. Certain transition disclosures are required for all financial statements issued after Jan. 31, 2003. The on-going disclosure and consolidation requirements are effective for all interim financial periods beginning after Jun. 15, 2003.

The determination of the applicability of FIN 46 is complex and requires management to make significant assumptions related to: 1) the reasonable possibility that an entity may be a VIE in which the company has a significant variable interest at Dec. 31, 2002; 2) the rights, obligations, and activities of all other equity investors in the potential VIE; 3) the anticipated variability in the potential VIE's net income or loss, the fair value of its assets not already included in net income or loss, and certain fees paid to related and unrelated third parties; and 4) the magnitude of the company's variable interest as compared to the variable interests of all other variable interest holders. Each of these assumptions could significantly impact the conclusion of the company to consolidate the legal entity.

Based on a preliminary review, TECO Energy believes it is reasonably possible that FIN 46 may impact the accounting for certain unconsolidated affiliates. Management is continuing to assess the extent of the relationships and obtain adequate information upon which to base appropriate conclusions. Below is a discussion of the legal entities existing as of Dec. 31, 2002 that TECO Energy considers to be possibly subject to either: 1) additional disclosure requirements; or 2) consolidation by the company, in accordance with FIN 46.

TPS entered into a joint venture, TPGC, to build, own and operate the Union and Gila River power stations. As of Dec. 31, 2002, TPGC is a development stage partnership that may meet the definition of a VIE. The third-party debt financing at TPGC is non-recourse and does not create an estimated loss exposure to TECO Energy. The estimated maximum theoretical loss exposure is approximately the current and guaranteed equity investment in the partnership. (See the **TECO Power Services – Construction Activities** section, the **Capital Investments** section, **Project Financing of Unconsolidated Affiliates** section and **Notes A, N** and **R** to the **Consolidated Financial Statements**.)

TPS completed a transaction whereby certain equipment at the Hardee Power Station was sold to a third party (the Lessor) and leased back under an operating lease agreement with an initial term of 12 years. The original cost of the equipment was $46.6 million. The sole purpose of the Lessor is to own and lease back the equipment to Hardee Power. The lease financing arrangement includes $41.6 million of subordinated debt and $1.4 million of equity contributed by an unrelated third party. If the Lessor were to be consolidated, TPS estimates that it would incur after-tax incremental expenses of approximately $9.5 million over the 12-year term of the lease. (See **Note R** to the **Consolidated Financial Statements.**)

TECO Properties formed two limited liability companies with project developers which may meet the definition of a VIE. Hernando Oaks, LLC was formed by TECO Properties with the Pensacola Group to buy and develop a residential community in Hernando County, Florida. Hernando Oaks, LLC had total assets at Dec. 31, 2002 of $18.9 million. TECO Properties' estimated maximum theoretical loss exposure is its equity investment in this project of approximately $9.7 million.

B-T One, LLC is a limited liability company formed by TECO Properties with Boyd Development Co., the project developer, to develop a residential community. B-T One, LLC had total assets at Dec. 31, 2002 of $13.1 million. TECO Properties' estimated maximum theoretical loss exposure is its equity investment in this project of approximately $7.5 million.

TECO Propane Ventures (TPV) has an investment in a partnership formed to combine propane operations with the propane operations of three third-party entities. At Dec. 31, 2002, the estimated maximum theoretical loss exposure faced by TPV is its equity investment of approximately $35.1 million and $9.5 million of other potential liabilities. (See the **Other Unregulated Companies** section and **Note S** to the **Consolidated Financial Statements**.)

TECO Transport entered into two separate sale-leaseback transactions for certain vessels which were recognized as sales at the time of each transaction, and are currently recognized as operating leases for the assets. The sale-leaseback transactions were entered into with a third party that may meet the definition of a VIE. TECO Transport currently leases two ocean-going tugboats, four ocean-going barges, five river towboats and 49 river barges. The estimated maximum loss exposure faced by TECO Transport is the incremental cost of obtaining suitable equipment to meet contractual obligations. (See **Note R** to the **Consolidated Financial Statements**.)

TECO Energy Services formed a partnership to construct, own and operate a water cooling plant to produce and distribute chilled water to customers via a local distribution loop for use, primarily, in air conditioning systems. The partnership may meet the definition of a VIE in accordance with FIN 46. The estimated maximum theoretical loss exposure associated with this partnership is its equity investment of approximately $3.6 million.

In November 2000, TECO Energy established TECO Capital Trust I (Trust I) for the sole purpose of issuing Trust Preferred Securities (TRuPS) and using the proceeds to purchase company preferred securities from TECO Funding Company I, LLC (TECO Funding). Trust I may be a VIE in accordance with FIN 46. TECO Energy has guaranteed the payments to the holders of the company preferred securities and indirectly, the payments to the holders of the TRuPS, as a result of their beneficial interest in the company preferred securities. In January 2002, TECO Energy sold 17.965 million units of mandatorily convertible equity units in the form of 9.5% equity units at $25 per unit. Each equity unit consisted of $25 in principal amount of a trust preferred security of TECO Capital Trust II (Trust II), a Delaware business trust formed for the purpose of issuing these securities and using the proceeds to purchase company preferred securities from TECO Funding Company II, LLC. Trust II may meet the definition of a VIE in accordance with FIN 46. The estimated maximum loss exposure is not expected to be incrementally significant to obligations currently recognized by TECO Energy for activities associated with Trust I or Trust II. (See **Note G** to the **Consolidated Financial Statements**.)

As a result of the conversion of a loan to a Panda subsidiary on Jan. 3, 2003, TPS has an equity interest in the TIE projects. (See the **TECO Power Services — Construction Activities** section.) The estimated maximum theoretical loss exposure is TPS' equity investment of $137 million. (See **Note N** to the **Consolidated Financial Statements**.)

Non-Operating Items Impacting Net Income From Continuing Operations

2002 Items

In 2002, TECO Energy's results included a $3.0-million after-tax charge at TECO Investments related to an aircraft leased to US Airways, which has filed for bankruptcy. Results at TPS include a $5.8-million after-tax asset valuation charge for the proposed sale of its interests in generating facilities in the Czech Republic. Results at TECO Energy include a $34.1-million pretax ($20.9-million after-tax) charge related to a debt refinancing.

2001 Items

In 2001, TECO Energy's results included charges to adjust asset valuations totaling $7.2 million after-tax. The adjustments included a $6.1-million after-tax charge related to the sale of TPS' minority interests in EGI, which owns smaller power generation projects in Central America, and a $1.1-million after-tax charge related to the sale of leveraged leases at TECO Investments.

2000 Items

In 2000, TECO Energy's results included an $8.3-million after-tax gain from the US Propane and Heritage Propane transactions offset by after-tax charges of $5.2 million to adjust the value of leveraged leases and $3.8 million to adjust property values at TECO Properties.

Discontinued Operations

In September 2002, as a component of its cash raising plans, TECO Energy initiated activities to sell the TECO Coalbed Methane gas assets. That sale was substantially completed in December 2002 to the Municipal Gas Authority of Georgia. Proceeds from the sale were $140 million, of which $42 million was paid in cash at closing and $98 million was paid in January 2003. TECO Coalbed Methane's results are accounted for as discontinued operations for all periods reported.

TECO Coalbed Methane's 2002 net income was $31.4 million including a $7.7-million after-tax net gain on the $42 million portion of the sale proceeds. These results reflect production of 14.2 billion cubic feet (Bcf), compared to 15 Bcf in 2001 at an effective gas price, including the effects of hedging, of about $2.80 per thousand cubic feet (Mcf), an almost 20 percent lower realized price than in 2001.

2001 net income increased as a result of higher gas prices which more than offset naturally declining production. Effective gas prices, including the effects of hedging, increased 33 percent to $3.66 per Mcf and production was 15 Bcf. Effective Jan. 1, 2001, TECO Energy had derivatives in place at TECO Coalbed Methane that qualified for cash flow hedge accounting treatment under FAS 133. As a result of the adoption of FAS 133, TECO Energy recorded an initial derivative liability of $19.0 million and an after-tax reduction to OCI of $12.6 million.

Production from TECO Coalbed Methane's reserves was eligible for Section 29 non-conventional fuels tax credits through 2002. The credit is estimated to be $1.10 per million Btu for 2002 and was $1.08 per million Btu in 2001, $1.06 per million Btu in 2000. This rate escalated with inflation but could be limited by domestic oil prices. In 2002, domestic oil prices would have had to exceed $49 per barrel for this limitation to have been effective. In 2002, TECO Coalbed Methane's Section 29 tax credits were $15.9 million, compared to $16.1 million in 2001.

Other Income (Expense)

In 2002, Other Income (Expense) of $47.2 million included $60.7 million from construction-related and loan agreements with Panda Energy and earnings on the equity investment in EEGSA at TPS, and income from the investment in TPV, partially offset by the $9.4 million pretax ($5.8 million after-tax) asset valuation charge for TPS' proposed sale of its minority interest in generating facilities in the Czech Republic and a $34.1 million ($20.9 million after-tax) pretax charge related to a TECO Energy debt refinancing completed in 2002.

In 2001, Other Income (Expense) of $51.9 million included $27.1 million from construction-related and loan agreements with Panda Energy and earnings on the equity investment in EEGSA at TPS, and income from the investment in TPV, partially offset by a $9.9 million pretax ($6.1 million after-tax) charge for TPS' sale of its minority interest in EGI.

Equity AFUDC at Tampa Electric, which is included in Other Income, was $24.9 million in 2002, $6.6 million in 2001 and $1.6 million in 2000. AFUDC is expected to be about $20 million in 2003 before declining in 2004, primarily reflecting Tampa Electric's growing investment in the Gannon to Bayside repowering. With the conversion of the loan to Panda Energy related to the TIE projects to an ownership interest, (see the **TECO Power Services – Construction Activities** section) the interest income related to these loans will be eliminated in 2003.

Interest Charges

Interest expense was $147.1 million in 2002 compared with $164.0 million in 2001 and $167.6 million in 2000. The decline in 2002 was primarily because of lower short-term debt rates and balances and a favorable settlement with the Internal Revenue Service regarding disputed income tax amounts for which interest had been previously paid, partially offset by higher distributions on preferred securities due to the issuance of mandatorily convertible equity units in January 2002. The slight decrease in 2001 was primarily because of lower short-term debt rates.

Income Taxes

Income taxes decreased in 2002, reflecting greater non-taxable AFUDC equity and a substantial increase in tax credits associated with the production of non-conventional fuels. In 2001 income tax expense decreased, reflecting higher taxable income offset by an increase in tax credits associated with the production of non-conventional fuels. Income tax expense as a percentage of income from continuing operations before taxes was –14.8 percent in 2002, –0.8 percent in 2001 and 11.4 percent in 2000.

The cash payment for federal income taxes, as required by the alternative minimum tax rules, was $71.9 million, $52.4 million and $83.9 million in 2002, 2001 and 2000, respectively.

Total income tax expense was reduced by the Federal tax credit related to the production of non-conventional fuels, under Section 29 of the Internal Revenue Code. This tax credit totaled $107.3 million in 2002, $86.2 million in 2001 and $52.1 million in 2000. These tax credits are generated annually on qualified production at TECO Coal through Dec. 31, 2007, subject to changes in law, regulation or administration that could impact the qualification of Section 29 tax credits.

The tax credit is determined annually and is estimated to be $1.08 per million Btu for 2002 and was $1.08 per million Btu in 2001 and $1.06 per million Btu in 2000. This rate escalates with inflation but could be limited by domestic oil prices. In 2002, domestic oil prices would have had to exceed $49 per barrel for this limitation to have been effective.

In 2002, 2001 and 2000, the decreased income tax expense also reflected the impact of increased overseas operations with deferred U.S. tax structures. The decrease related to these deferrals was $8.1 million, $7.2 million and $9.3 million for 2002, 2001 and 2000, respectively.

The income tax effect of gains and losses from the discontinued operations of TECO Coalbed Methane is shown as a component of results from discontinued operations.

Enron Related Matters

TPS has filed a claim in the Enron bankruptcy proceeding associated with the NEPCO "swept cash" (see the **TECO Power Services – Construction Activities** section) for the four projects in the amount of $214 million. This is a gross amount and does not take into account efficiencies in the projects and other similar credits. The bankruptcy judge appointed an examiner in October 2002 to evaluate whether the "swept cash" lost by all NEPCO customers at the time of the bankruptcy can be traced from NEPCO to Enron and then to Enron's use of the funds. That report is expected by the end of the first quarter of 2003, and if it is favorable, the judge should require that the amount of the traceable funds be returned to the bankrupt estate of NEPCO. This result would improve significantly TPS' likelihood of recovering most of the cash. Since the appointment of the examiner, TPS and others have filed adversary proceedings in the bankruptcy.

TECO Energy has negotiated an agreement with Enron, pending approval of the Creditors Committee, to settle the previously reported $3.5 million of potential trade payables exposure as a result of the Enron bankruptcy. Action by the Creditors Committee is expected by the end of March 2003. The net financial impact of the agreement is reflected in consolidated net income and no future financial impact is expected.

Environmental Compliance

Consent Decree

Tampa Electric Company, in cooperation with the Environmental Protection Agency (EPA) and the U.S. Department of Justice, signed a Consent Decree which became effective Oct. 5, 2000, and a Consent Final Judgment with the Florida Department of Environmental Protection (FDEP), effective Dec. 7, 1999. Pursuant to these agreements, allegations of violations of New Source Review requirements of the Clean Air Act were resolved, provision was made for environmental controls and pollution reductions, and Tampa Electric began implementing a comprehensive program that will dramatically decrease emissions from its power plants.

The emission reduction requirements included specific detail with respect to the availability of flue gas desulfurization systems (scrubbers) to help reduce sulfur dioxide (SO2), projects for nitrogen oxides (NOx) reduction efforts on Big Bend Units 1 through 4, and the repowering of the coal-fired Gannon Station to natural gas. When these units are repowered, the station will be renamed the Bayside Power Station and will have total station capacity of about 1,800 megawatts (nominal) of natural gas-fueled electric generation. Tampa Electric anticipates commercial operation for the first repowered Bayside unit by May 1, 2003. The repowering of the second unit is scheduled for completion by May 1, 2004. By May 1, 2005, Tampa Electric must decide whether to install NOx controls, repower, or shutdown Big Bend Unit 4, and it must implement the chosen methodology by June 1, 2007. By May 1, 2007, Tampa Electric will decide whether to install NOx controls, repower, or shutdown Big Bend Units 1, 2 and 3 and it must implement the chosen methodology beginning in 2008. Tampa Electric's capital investment forecast includes amounts in the 2006 and 2007 period for compliance with the NOx reduction requirements.

Emission Reductions

Since 1998, Tampa Electric has reduced annual SO2, NOx, and particulate matter (PM) emissions from its facilities by 105,418 tons, 11,206 tons, and 1,113 tons, respectively.

Reductions in SO2 emissions were primarily accomplished through the installation of scrubber systems on Big Bend Units 1 and 2. Big Bend Unit 4 was originally constructed with a scrubber. The Big Bend Unit 4 scrubber system was modified in 1994 to allow it to scrub emissions from Big Bend Unit 3. Currently, the scrubbers at Big Bend Station remove more than 95 percent of the SO2 emissions from the flue gas streams. In addition, reductions in NOx have been accomplished through combustion tuning and optimization projects at Big Bend and Gannon Stations.

Particulate matter is controlled at Big Bend and Gannon Stations through the use of electrostatic precipitators, which remove more than 99.9 percent of the PM generated during the combustion process.

Significant reductions in emissions outlined in the consent decree and consent final judgment will result from the ongoing repowering of the Gannon to Bayside Power Station and, should Tampa Electric decide to continue to burn coal, the installation of additional NOx emissions controls on all Big Bend Units. By 2010, these projects will result in the additional phased reduction of SO2 by 47,467 tons per year, NOx by 50,488 tons per year, and PM by 1,981 tons per year. In total, Tampa Electric's emission reduction initiatives will result in the reduction of SO2, NOx, and PM emissions by 87 percent, 89 percent, and 60 percent, respectively, below 1998 levels. With these improvements in place, Tampa Electric's facilities will meet the same standards required of new power generating facilities and help to significantly enhance the quality of the air in the community.

In November 2000, the FPSC approved recovery, through the Environmental Cost Recovery Clause of costs incurred to improve the availability and removal efficiency for its Big Bend 1, 2 and 3 scrubbers, to reduce PM emissions, and for early NOx emissions reduction projects. The approved cost recovery for these various environmental projects through customers' bills started in January 2001.

Superfund and Former Manufactured Gas Plant Sites

Tampa Electric Company, through its Tampa Electric and Peoples Gas divisions, is a potentially responsible party for certain superfund sites and, through its Peoples Gas 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, as of Dec. 31, 2002, Tampa Electric Company has estimated its ultimate financial liability to be approximately $20 million, and this amount has been reflected in the company's financial statements. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

The estimated amounts represent only the estimated portion of the cleanup costs attributable to Tampa Electric Company. The estimates to perform the work are based on actual estimates obtained from contractors, or Tampa Electric Company's experience with similar work adjusted for site specific conditions and agreements with the respective governmental agencies. The estimates are made in current dollars, are not discounted and do not assume any insurance recoveries.

Allocation of the responsibility for remediation costs among Tampa Electric Company and other potentially responsible parties (PRPs) is based on each parties' relative ownership interest in or usage of a site. Accordingly, Tampa Electric Company's share of remediation costs varies with each site. In virtually all instances where other PRPs are involved, those PRPs are considered creditworthy.

Factors that could impact these estimates include the ability of other PRPs to pay their pro rata portion of the cleanup costs, additional testing and investigation which could expand the scope of the cleanup activities, additional liability that might arise from the cleanup activities themselves or changes in laws or regulations that could require additional remediation. These costs are recoverable through customer rates established in subsequent base rate proceedings.

Regulation

Tampa Electric Rate Stabilization Strategy

Tampa Electric's objectives of stabilizing prices from 1996 through 1999 and securing fair earnings opportunities during this period were accomplished through a series of agreements entered into in 1996 with Florida's Office of Public Counsel (OPC) and the Florida Industrial Power Users Group (FIPUG), which were approved by the FPSC. Prior to these agreements, the FPSC approved a plan submitted by Tampa Electric to defer certain 1995 revenues.

In general, under these agreements Tampa Electric was allowed to defer revenues in 1995 and 1996 during the construction of Polk Unit 1 and recognize these revenues in 1997 and 1998 after commercial operation of the unit. Other components of the agreements were a base rate freeze through 1999 and refunds to customers totaling $50 million during the period from October 1996 through December 1998, while Tampa Electric was allowed recovery of the capital costs incurred for the Polk Unit 1 project.

In October 2000, the FPSC staff recommended a refund of $6.1 million for the final year of the agreements. OPC objected to certain interest expenses recognized in 1999 that were associated with prior years' tax positions and used to calculate the amount to be refunded. Following a review by the FPSC staff, the FPSC agreed in December 2000 that the original $6.1 million was to be refunded to customers. In February 2001, OPC protested the FPSC's decision. The FPSC held hearings on the issue in August 2001 and upheld its original decision. In January 2002, the OPC filed a motion with the FPSC asking for reconsideration of its decision, alleging the FPSC relied on erroneous information. This was not granted, and Tampa Electric made refunds of about $6.4 million associated with 1999 in 2002.

Since the expiration of the agreements, Tampa Electric is not under a new stipulation. Therefore, its rates and allowed return on equity (ROE) range of 10.75 percent to 12.75 percent with a midpoint of 11.75 percent are in effect until such time as changes are occasioned by an agreement approved by the FPSC or other FPSC actions as a result of rate or other proceedings initiated by Tampa Electric, FPSC staff or other interested parties. Tampa Electric expects to continue earning within its allowed ROE range.

Peoples Gas Rate Proceeding

On Jun. 27, 2002, PGS filed a petition with the FPSC to increase its service rates. The requested rates would have resulted in a $22.6 million annual base revenue increase, reflecting a ROE midpoint of 11.75 percent.

On the date of the FPSC hearing, PGS agreed to a settlement with all parties involved, and a final Commission order was granted on Dec. 17, 2002. The company received authorization to increase annual base revenues by $12.05 million. The new rates allow for an 11.25 percent midpoint ROE and a capital structure with 57.43 percent equity and were effective after Jan. 16, 2003.

Cost Recovery Clauses

In September 2002, Tampa Electric filed with the FPSC for approval of fuel and purchased power, capacity, environmental and conservation cost recovery clause rates for the period January through December 2003. In November, the FPSC approved Tampa Electric's requested changes. In February 2003, Tampa Electric filed to revise the fuel cost recovery rates for the period April through December 2003 due to higher projected fuel prices. In March 2003, the FPSC approved Tampa Electric's revised rates. Accordingly, Tampa Electric's residential customer rate per 1,000-kilowatt hours increased to $94.14. The rates include projected costs associated with environmental projects required under the EPA Consent Decree and the FDEP Consent Final Judgment. They also reflect natural gas purchases for the company's repowered Bayside Unit 1.

During 2002, PGS' purchased gas adjustment remained stable, as no significant natural gas spikes occurred. The actual purchased gas adjustment rate paid by consumers was significantly lower than the FPSC approved cap. In December 2002, PGS' purchased gas adjustment cap for 2003 was approved as filed.

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 self-generation available to larger users of electric energy. Such users may seek to expand their alternatives through various initiatives, including legislative and/or regulatory changes that would permit competition at the retail level. Tampa Electric intends to retain and expand its retail business by managing costs and providing high-quality service to retail customers.

There is presently active competition in Florida's wholesale power markets, increasing largely as a result of the Energy Policy Act of 1992 and related federal initiatives. However, the state's Power Plant Siting Act, which sets the state's electric energy and environmental policy and governs the building of new generation involving steam capacity of 75 megawatts or more, requires that applicants demonstrate that a plant is needed prior to receiving construction and operating permits.

In February 2002, the FPSC began holding workshops to discuss suggested changes to an associated rule originally adopted by the FPSC in 1994, requiring investor-owned electric utilities (IOUs) to issue Requests for Proposals (RFP) prior to filing a petition for Determination of Need. The RFP process has been used as a tool to measure the cost-effectiveness of new generation. After a series of workshops, a rule hearing was held in December 2002 and, as a result, the FPSC made modifications to the rule that provide a mechanism for expedited dispute resolution; allow bidders to submit new bids whenever the IOU revises its costs estimates for its self-build option; require IOUs to disclose the methodology and criteria to be used to evaluate the bids; and provide more stringent standards for the IOUs to recover costs overruns in the event the self-build option is deemed the most cost-effective. The new rule will become effective for requests for proposal for applicable capacity additions, prospectively.

Regional Transmission Organization (RTO)

In December 1999, the Federal Energy Regulatory Commission (FERC) issued Order No. 2000, encouraging the development of RTOs. This rule was driven by the FERC's continuing effort to increase open access to transmission facilities in large, regional markets.

The peninsular Florida IOUs made joint RTO filings to the FERC in October and December 2000. In the filing, Tampa Electric agreed with the other Florida IOUs to form an RTO to be known as GridFlorida LLC. GridFlorida would independently control the transmission assets of the filing utilities, as well as other utilities in the region that choose to join. The RTO would be an independent, investor-owned organization that would have control of the planning and operations of the bulk power transmission systems of the utilities within peninsular Florida. In addition, GridFlorida was proposed to be a transmission company that would own transmission assets. Tampa Electric planned to contribute its transmission assets to GridFlorida in exchange for a passive interest.

In March 2001, the FERC conditionally approved GridFlorida. In May 2001, the FPSC decided to investigate whether the peninsular Florida IOUs were prudent in complying with FERC's Order No. 2000. In October 2001, the FPSC ruled that, while the companies were prudent in forming GridFlorida, the FPSC was not satisfied with the transmission-owning features of the GridFlorida filing nor with the proposal that any of the filing utilities transfer ownership of their assets to GridFlorida. Accordingly, the FPSC ordered the companies to develop a new RTO model.

In September 2002, the FPSC issued an order which gave final approval to some aspects of the latest GridFlorida proposal; set some items for further discussion by parties and the FPSC; and set a hearing to address market design. The applicants filed joint testimony that addressed the principles for developing a Florida-specific market design that is consistent with the principles identified in the FERC's proposed order on standard market design.

In October 2002, the process was held in abeyance after the OPC filed an appeal with the Florida Supreme Court asserting that the FPSC could not relinquish its jurisdictional responsibility to regulate the IOUs and by approving GridFlorida, they were doing just that. Tampa Electric and the other peninsular IOUs will take varying roles to support the FPSC and their prudence determinations. Oral arguments are expected during the first half of 2003, and a decision by the Florida Supreme Court is not expected until late 2003. All activity in development of GridFlorida has ceased pending the outcome of the case

and the resolution of certain issues by the FPSC subsequent to that outcome.

Federal Energy Regulatory Commission (FERC) Restructuring Initiatives

The FERC has increased its focus on creating a more efficient electric industry, and it has begun several key initiatives since its RTO order in late 1999 (see the **Regional Transmission Organization** section). These include the development of a Standard Market Design (SMD) for electric wholesale markets; standard generator interconnection terms, conditions and pricing; enhanced affiliate standards of conduct; and more comprehensive public information initiatives. The most significant of these initiatives relates to development of a SMD through rulemaking that will provide certain structural changes to how transmission service is provided, accessed and priced. A final rule in this matter is expected sometime in 2003. TECO Energy, through its appropriate operating companies, is active in providing comments on all initiatives and plans to remain active in ensuring its positions are fairly represented. Many of the initiatives being proposed by the FERC would be beneficial both to Tampa Electric and TPS.

TPS Federal and State Regulatory and Legislative Involvement

Along with TECO Energy's active involvement in restructuring initiatives, TPS has been proactively involved in regulatory and legislative forums in the markets in which it competes including Arizona, Texas, Arkansas, Mississippi, and Louisiana. This has included repeal in part and sometimes in total of wholesale and retail deregulation rules and laws in Arizona and Arkansas.

Arizona Public Service (APS), the largest investor-owned electric utility in the state, filed with the Arizona Corporation Commission (ACC) a request for a partial variance from the state's competition rules established in 1999. APS requested that it be exempt from its obligation, beginning on Jan. 1, 2003, to purchase at least 50 percent (about 3,000 MW) of its load requirements through a formal, arms-length, competitive procurement process and sought instead to purchase almost all of its load requirements from its unregulated affiliate, Pinnacle West Energy Corporation (PWEC). APS asserted that, due to the California crisis and the Enron collapse, the competitive wholesale market was not mature or reliable enough to meet its needs, so it should be permitted to execute a 28-year power purchase agreement between itself and PWEC. Tucson Electric Power Company (TEP) filed a similar variance request with the ACC, although it only sought a postponement of the implementation date, not a long-term power purchase agreement with an affiliated entity. The two requests were stayed by the ACC in late April 2002, and a docket was opened to review the future of competition in Arizona. In August 2002, the Commission ordered APS not to divest its current rate-based generating facilities to its affiliate, and to continue to participate in a parallel proceeding to determine what portion of its needs will be competitively bid for delivery beginning in the summer of 2003.

Regarding the competitive procurement process, the ACC Staff held numerous workshops, followed by a hearing in November 2002 to determine the amount and procedures for APS' and TEP's acquisition of their power requirements. TPS has been active in all aspects of the state's proceedings. A final determination is expected during the first quarter of 2003 with the competitive procurement process slated to begin by spring.

During this year's legislative session, the Arkansas Legislature will consider repealing its earlier legislation, which was to initiate retail electric deregulation in Arkansas sometime between October 2003 and October 2005. The incumbent IOUs are advocating a complete repeal of retail deregulation and/or a ten-year postponement of its implementation date. The large consumers and the independent power producers are lobbying for a recommitment to wholesale deregulation in Arkansas, access to the state's transmission grid, and a "pilot" project for large customers to be able to shop for power in the interim. TPS is supporting this approach while also aligning with other independent power producers to analyze the beneficial impacts to ratepayers from implementing a region-wide, security-constrained, economic dispatch, with consideration given for units' efficiency and environmental characteristics, including emissions. This is a strategy for displacing the region's older, less efficient, more polluting generating units so that state-of-the-art, gas-fired, combined-cycle units, such as Union Power Partners, can serve the growing needs of the area. This is a strategy that TPS has advanced at the federal level and other markets it serves.

In Texas, TPS has taken an active role on ERCOT committees, in proceedings at the Public Utility Commission of Texas (PUCT) and in the Legislature, whose session begins in mid-January. Transmission congestion is a major concern in the ERCOT market, and has negatively affected Frontera's ability to economically operate. Several initiatives within the ERCOT committees and at the PUCT are underway to address these ongoing congestion problems.

Frontera appealed specific ERCOT protocols with the PUCT, because of inadequate compensation for ERCOT's high usage levels of Frontera's units during times of regional congestion. Originally, the intent of the protocols was to allow ERCOT to acquire energy and capacity, when only critically necessary and on an infrequent basis from the region's existing generating units. Due to local transmission congestion in the Rio Grande Valley, Frontera was frequently requested by ERCOT to start-up and relieve the region's congestion. Frontera, however was not compensated sufficiently for providing this ancillary service in 2002. The appeal process is underway and is expected to be concluded by the end of the first quarter of 2003.

Transmission Rates

In October 2002, Tampa Electric submitted a FERC filing to change its transmission and ancillary services rates under the company's open access transmission tariff. These rates apply to wholesale transmission users of Tampa Electric's transmission system and do not affect retail service rates. In December, the FERC accepted the filing and set the matter for settlement negotiations and a potential hearing should the settlement process fail. Settlement discussions began in January 2003.

Utility Competition: Gas

Although PGS is not in direct competition with any other regulated distributors of natural gas for customers within its service areas, there are other forms of competition. At the present time, the principal form of competition for residential and small commercial customers is from companies providing other sources of energy, including electricity.

In Florida, gas service is unbundled for all non-residential customers. In November 2000, PGS implemented its "NaturalChoice" program offering unbundled transportation service to all eligible customers. This means that non-residential customers can purchase commodity gas from a third party but continue to pay PGS for the transportation of the gas.

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, by transporting gas through other facilities, thereby bypassing PGS facilities. In response to this competition, PGS has developed various programs, 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, propane. PGS has taken actions to retain and expand its commodity and transportation business, including managing costs and providing high-quality service to customers.

In March 2000, the City of Lakeland (City) filed suit against PGS and sought a declaration that it had the right to purchase PGS facilities located within the city limits. In October 2002, the City decided that it no longer desired to pursue owning the gas utility in Lakeland and agreed to voluntarily dismiss the lawsuit. The City and PGS entered into a new 10-year franchise agreement, similar in terms and conditions to the majority of the agreements PGS has with other municipalities.

Corporate Governance

Recently, legislation, rules and proposed rules and guidelines were issued by the United States Congress, the Securities and Exchange Commission (SEC), the New York Stock Exchange (NYSE) and other interested groups designed to ensure corporate accountability, improve corporate governance and restore investor confidence. In 2002, the NYSE issued proposed standards for listed companies; the SEC issued the requirement that the largest public companies certify quarterly financial reports, one of 18 directives issued from December 2001 through December 2002. Also in 2002, the President signed the Sarbanes-Oxley Act which, among other things, requires certification of financial statements with criminal penalties for filing false statements.

These rules and proposals require independence by the Board of Directors, define committees of the Board of Directors with charters and review processes, require an internal audit function, a code of ethics for the chief executive officers, senior financial officers and directors, adequate internal controls to detect fraud, adequate training for members of the Board of Directors, increased oversight of financial disclosure by the Audit Committee of the Board, a shorter time period to report insider selling of company shares and other important items.

For many years, TECO Energy's Board of Directors has primarily consisted of independent directors, the committee structures recommended in the various proposals were already in place and the company has an effective internal audit function. In addition, the company has had a code of ethics for all officers and employees, and it was expanded to include the Board of Directors in 2002. TECO Energy has always had controls for full and complete financial reporting and disclosure, and in response to the new requirements, they have been formalized and are reviewed for effectiveness quarterly.

TECO Energy's CEO and CFO certified its first and second quarter Reports on Form 10-Q for 2002, all interim Reports on Form 8-K and its Annual Report on Form 10-K for 2001 as required by the SEC in August 2002. The certifications, which contained no exceptions, attested to the accuracy of the reports and were signed following a review by the Audit Committee of the company's Board of Directors. In compliance with the Sarbanes-Oxley Act, certifications of the company's second and third quarter Reports on Form 10-Q have been filed with the SEC.

In addition, the CEO and CFO evaluated the effectiveness of the company's disclosure controls and procedures in conjunction with the filing of quarterly financial statement certifications, as required under the new legislation, and found that the disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the company required to be included in the company's reports. Processes are in place to meet these requirements on a quarterly basis.

Transactions with Related and Certain Other Parties

The company and its subsidiaries had certain transactions, in the ordinary course of business, with entities in which directors of the company had interests that are reported in TECO Energy's annual proxy statement and Tampa Electric's annual regulatory filings. These transactions, primarily for legal services, were not material for the periods ended Dec. 31, 2002 and 2001. There are no material transactions of this type where the payments are in excess of those that would be paid under an arms-length transaction. TECO Energy has interests in unconsolidated affiliates, which are discussed in **the TECO Power Services, Other Unregulated Companies** and **Off-Balance Sheet Financing** sections.

Tampa Electric and TECO-Panda Generating Company (TPGC) II entered into an assignment and assumption agreement whereby Tampa Electric obtained TPGC II's rights and interests to four combustion turbines being purchased from General Electric, and assumed the corresponding liabilities and obligations for such equipment. In accordance with the terms of the assignment and assumption agreement, Tampa Electric paid $62.5 million to TPGC II as reimbursement for amounts already paid to General Electric by TPGC II for such equipment.

TPS Arkansas Operations Company and TPS Arizona Operations Company, both wholly-owned subsidiaries of TPS, had a combined receivable from Union and Gila River of $0.8 million as of Dec. 31, 2002.

In addition, TPS recognized income on the non-TPS portion of notes receivable from unconsolidated affiliates in which TPS holds joint venture interests and from credit support for the TPGC joint venture (see **Notes A** and **N** to the **Consolidated Financial Statements**). The notes receivable from unconsolidated affiliates include:

($ millions)	*Rate*	*Dec. 31, 2002*	*Dec. 31, 2001*
Notes receivable from:			
Panda Energy	14%	$ 137.0	$ 92.7
Energeticke Centrum Kladno	6%	1.4	—
Mosbacher Power Partners L.P.	12%	—	13.1
Mosbacher Power Partners L.P.	9%	13.7	21.1
Mosbacher Power Partners L.P.	12%	—	6.2
EEGSA	6.81% (1)	11.1	10.9
TPGC - Gila River	7.79% (1)	369.5	37.5
TPGC - Union Power	6.58% (1)	426.3	86.7

(1) Current rate at Dec. 31, 2002.

TPS' position in the Odessa and Guadalupe power stations in Texas was in the form of a $137 million loan to a Panda Energy International subsidiary, which is a partner in TIE at Dec. 31, 2002. This loan converted into an ownership interest on Jan. 3, 2003. The conversion gives TPS an opportunity to have an effective economic interest estimated at 75 percent of Panda's 50-percent interest in these projects (approximately 1,000 MW) over the life of the projects. TPS is evaluating its options relative to its ownership position in these projects and is targeting to structure its interest in such a manner that it will cover its cash costs in 2003 and mitigate any impact on earnings at TPS in 2003. (See **Strategy and Outlook** section.)

In February 2002, the TPS and Panda affiliates that comprise the joint venture that owns the Union and Gila River projects entered into an arrangement obligating TPS to purchase and Panda to sell Panda's interest in the joint venture in 2007 for $60 million. Panda has the right to cancel the purchase arrangement by paying TPS $20 million or a lesser amount under certain circumstances. The purchase arrangement can result in TPS' purchase of the interest prior to 2007 if Panda defaults on a bank loan made to Panda using the purchase arrangement as collateral or if TECO Energy permits its debt-to-capital ratio to exceed 65.0 percent, permits its EBITDA/interest ratio to fall below 1.5 times or it defaults on the payment of indebtedness in excess of $50 million. TECO Energy's debt-to-capital ratio at Dec. 31, 2002 was 55.9 percent and its EBITDA/interest ratio was 3.6 times.

Investment Considerations

The following are certain factors that could affect TECO Energy's future results. They should be considered in connection with evaluating forward-looking statements contained in this report and otherwise made by or on behalf of TECO Energy because these factors could cause actual results and conditions to differ materially from those projected in those forward-looking statements.

Financing Risks

TECO Energy has substantial indebtedness, which could adversely affect its financial condition and financial flexibility.

In recent years, TECO Energy has significantly expanded its indebtedness. This increase in debt levels has increased the amount of fixed charges TECO Energy is obligated to pay. The level of indebtedness and restrictive covenants contained in its debt obligations could limit its ability to obtain additional financing or refinance existing debt.

Some of TECO Energy's debt obligations contain financial covenants related to debt-to-capital ratios and interest coverage that could prevent the repayment of subordinated debt and the payment of dividends if those payments would cause a violation of the covenants. (See **Covenants in Financing Agreements** section.) TECO Energy's failure to comply with any of these covenants, as well as its ratings maintenance covenants discussed below, or to meet its payment obligations, could result in an event of default which, if not cured or waived, could result in the acceleration of other outstanding debt obligations. TECO Energy may not have sufficient working capital or liquidity to satisfy its debt obligations in the event of an acceleration of all or a significant portion of its outstanding obligations. Additionally, such an acceleration would also affect the company's ability to pay dividends. Furthermore, if TECO Energy had to defer interest payments on its subordinated notes that support the distributions on its outstanding trust preferred securities, TECO Energy would be prohibited from paying cash dividends on its common stock until all unpaid distributions on the subordinated notes were made.

TECO Energy also incurs obligations in connection with the operations of its subsidiaries and affiliates, which do not appear on the balance sheet, including in connection with the development of power projects by unconsolidated affiliates. These obligations take the form of guarantees, letters of credit and contractual commitments, as are described in the sections titled **Off-Balance Sheet Financing** and **Liquidity, Capital Resources**. In addition, TECO Energy's unconsolidated affiliates from time to time incur non-recourse debt to finance their power projects. Although TECO Energy is not obligated on that debt, its investments in those unconsolidated affiliates and its commitments with respect to those power projects are at risk if the projects are not successfully developed.

TECO Energy's financial condition and ability to access capital and pay dividends may be materially adversely affected by further ratings downgrades.

In September 2002, Moody's, S&P, Inc. and Fitch, lowered their ratings on the senior unsecured debt securities of TECO Energy.

Those downgrades and any future downgrades may affect TECO Energy's ability to borrow and may increase its financing costs, which may decrease earnings. TECO Energy is also likely to experience greater interest expense than it may have otherwise if, in future periods, it replaces maturing debt with new debt bearing higher interest rate spreads due to its lower credit ratings. In addition, such downgrades could adversely affect TECO Energy's relationships with customers and counterparties.

In addition to affecting the cost of borrowing, lower credit ratings may affect the amount of indebtedness, types of financing structures and debt markets that are available. Finally, TECO Energy's failure to comply with its ratings maintenance covenants could result in an event of default under certain of its debt obligations, which if not cured or waived, could result in the acceleration of other outstanding debt obligations and would affect its ability to pay dividends. (See **Bank Credit Facilities** and **Covenants in Financing Agreements** sections.)

If TECO Energy is unable to reduce capital expenditures or successfully complete planned asset sales and other transactions to the extent anticipated, its financial condition and results could be adversely affected.

Part of TECO Energy's business plan for 2003 includes reducing previously anticipated capital expenditures by approximately $250 million in order to maximize cash flows and reduce the need for external financings. TECO Energy cannot be sure that it will be successful in achieving reductions in that amount. The business plan also includes the sale of the majority of its interest in facilities that produce synthetic fuel which qualifies for Section 29 tax credits at TECO Coal and Tampa Electric's Polk Power Station's coal gasification unit. TECO Energy cannot be certain, however, that it will find purchasers or realize the expected value of these transactions with the anticipated impact on its cash flow position. Depending on the success of these planned expenditure reductions and asset sales transactions, TECO Energy may need to seek external financings, which, in the case of debt financings, could adversely affect its balance sheet strength and apply downward pressure on the credit ratings, and, in the case of equity financings, could have a dilutive effect to equity holders and earnings-per-share results.

Because TECO Energy is a holding company, it is dependent on cash flow from its subsidiaries, which may not be available in the amounts and at the times it is needed.

TECO Energy is a holding company and dependent on cash flow from its subsidiaries to meet its cash requirements that are not satisfied from external funding sources. Some subsidiaries have indebtedness containing restrictive covenants which, if violated, would prevent them from making cash distributions to TECO Energy. In particular, Tampa Electric's first

mortgage bonds indenture contain restrictions on distributions on its common stock, and certain long-term debt at Tampa Electric's PGS division prohibits payment of dividends to TECO Energy if Tampa Electric Company's consolidated shareholders' equity is not at least $500 million. At Dec. 31, 2002, Tampa Electric's unrestricted retained earnings available for dividends on its common stock were approximately $189 million and its consolidated shareholders' equity was approximately $1.8 billion. Also, TECO Energy's wholly-owned subsidiary, TECO Diversified, the holding company for TECO Transport, TECO Coal and TECO Solutions, has a guarantee related to a coal supply agreement that could limit the payment of dividends to TECO Energy.

TECO Energy is vulnerable to interest rate changes and may not have access to capital at favorable rates, if at all.

Changes in interest rates and capital markets generally affect TECO Energy's cost of borrowing and access to these markets. TECO Energy cannot be sure that it will be able to accurately predict the effect those changes will have on the cost of borrowing or access to capital markets.

Independent Power Project Risks

TPS' existing and planned power plants are affected by market conditions, and it may not be able to sell power at prices that enable it to recover its investments in the plants.

TPS is currently operating, constructing and investing in power plants that do not currently have long-term contracts for the sale of power. These power plants may sell at least a portion of their power based on market conditions at the time of sale, so TPS cannot predict with certainty:

- the amount or timing of revenue it may receive from power sales from operating plants;
- the differential between the cost of operations (in particular, natural gas prices) and power sales revenue;
- the effect of competition from other suppliers of power;
- regulatory actions that may affect market behavior, such as price limitations or bidding rules imposed by the FERC or reimposition of regulation in power markets;
- the demand for power in a market served by its plants relative to available supply;
- the availability of transmission to accommodate the sale of power; or
- whether TPS will recover its initial investment in these plants.

At present, several of the wholesale markets supplied by so-called "merchant" power plants are experiencing significant pricing declines due to excess supply and weak economies. Consequently, only a portion of the projected output of TPS' plants has been hedged for 2003 and 2004. TPS' results could be adversely affected if it is unable to sufficiently sell the output of its plants at a premium to forward curve prices or if TECO Energy needs to write off any capital already invested in projects.

TECO Energy's forecast assumes that TPS will manage these risks by:

- optimizing among a mix of forward on-peak energy sales, daily and hourly spot market sales of capacity, energy and ancillary services, and longer-term structured transactions;
- avoiding short positions; and
- retaining flexibility to defer, if and where possible and advisable, construction of output capacity in a market that has become oversupplied.

However, TECO Energy cannot be sure how successfully it will be able to implement these risk management measures. For instance, in oversupplied markets, entering into forward contracts could be difficult.

TPS may be unable to successfully complete and finance current and future projects on schedule and within budget.

TPS currently has new power generating facilities under construction. The construction of these facilities, as well as any future construction projects, involves risks of shortages and inconsistent qualities of equipment and material, labor shortages and disputes, engineering problems, work stoppages, unanticipated cost increases, and environmental or geological problems. In addition, the development of independent power plants involves considerable risks, including successful siting, permitting, financing and construction, contracting for necessary services, fuel supplies and power sales and performance by project partners. Any of these events could delay a project's construction schedule or increase its costs, which may impact TPS' ability to generate sufficient cash flow and service its related non-recourse project debt.

TPS marketing and risk management policies may not work as planned, and it may suffer economic losses despite such policies.

TPS actively manages the market risk inherent in its energy and fuel positions. Nonetheless, adverse changes in energy and fuel prices may result in losses in earnings or cash flows and adversely affect the balance sheet. TPS marketing and risk management procedures may not always be followed or may not work as planned. As a result, it cannot predict with precision the impact that its marketing, trading and risk management decisions may have on its business, operating results or financial position. In addition, to the extent it does not cover the entire exposure of assets or positions to market price volatility,

or the hedging procedures do not work as planned, fluctuating commodity prices could cause sales and net income to be volatile.

TPS' marketing and risk management activities also are exposed to the credit risk that counterparties to its transactions will not perform their obligations. Should counterparties to these arrangements fail to perform, TPS may be forced to enter into alternative hedging arrangements, honor underlying commitments at then-current market prices or otherwise satisfy its obligations on unfavorable terms. In that event, its financial results would likely be adversely affected.

General Business and Operational Risks

General economic conditions may adversely affect TECO Energy's businesses.

TECO Energy's businesses are affected by general economic conditions. In particular, the projected growth in Tampa Electric's service area and in Florida is important to the realization of Tampa Electric's and PGS' forecasts for annual energy sales growth. An unanticipated downturn in the local area's or Florida's economy could adversely affect Tampa Electric's or PGS' expected performance.

TECO Energy's unregulated businesses, particularly TECO Transport, TECO Coal and TPS, are also affected by general economic conditions in the industries and geographic areas they serve, both nationally and internationally. TPS' investment in Empresa Eléctrica de Guatemala, S.A. depends on growth in the relevant service areas and in annual energy sales.

Potential competitive changes may adversely affect TECO Energy's gas and electricity businesses.

The U.S. electric power industry has been undergoing restructuring. Competition in wholesale power sales has been introduced on a national level. Some states have mandated or encouraged competition at the retail level and, in some situations, required divestiture of generating assets. While there is active wholesale competition in Florida, the retail electric business has remained substantially free from direct competition. Changes in the competitive environment occasioned by legislation, regulation, market conditions or initiatives of other electric power providers, particularly with respect to retail competition, could adversely affect Tampa Electric's business and its performance.

The gas distribution industry has been subject to competitive forces for several years. Gas services provided by PGS are now unbundled for all non-residential customers. Because PGS earns margins on distribution of gas, but not on the commodity itself, unbundling has not negatively impacted PGS results. However, future structural changes that cannot be predicted could adversely affect PGS.

TECO Energy's gas and electricity businesses, both utility and independent, are highly regulated and any changes in regulatory structures could lower revenues or increase costs or competition.

Tampa Electric, TPS and PGS operate in highly regulated industries. Retail operations, including the prices charged, are regulated by the FPSC, and Tampa Electric's and TPS' wholesale power sales and transmission services are subject to regulation by the FERC. Changes in regulatory requirements or adverse regulatory actions could have an adverse effect on their performance by, for example, increasing competition or costs, threatening investment recovery or impacting rate structure.

TECO Energy's businesses are sensitive to variations in weather and have seasonal variations.

Most of TECO Energy's businesses are affected by variations in general weather conditions and unusually severe weather. Tampa Electric's, PGS' and TPS' energy sales are particularly sensitive to variations in weather conditions. Those companies forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have a material impact on energy sales. Unusual weather, such as hurricanes, could adversely affect operating costs and sales.

PGS, which has a single winter peak period, is more weather sensitive than Tampa Electric, which has both summer and winter peak periods. Mild winter weather in Florida can be expected to negatively impact results at PGS.

Variations in weather conditions also affect the demand and prices for the commodities sold by TECO Coal, as well as electric power sales from TPS' merchant power plants. TECO Transport is also impacted by weather because of its effects on the supply of and demand for the products transported. Severe weather conditions could interrupt or slow service and increase operating costs of those businesses.

Electric power marketing may be seasonal. For example, in some parts of the country, demand for, and market prices of, electricity peak during the hot summer months, while in other parts of the country such peaks occur in the cold winter months. As a result, power marketing results may fluctuate on a seasonal basis. The pattern of this fluctuation may change depending on the nature and location of the facilities operated and the terms under which they sell electricity.

Commodity price changes may affect the operating costs and competitive positions of TECO Energy's businesses.

Most of TECO Energy's businesses are sensitive to changes in coal, gas, oil and other commodity prices. Any changes could affect the prices these businesses charge, their operating costs and the competitive position of their products and services.

In the case of Tampa Electric, currently fuel costs used for generation are mostly affected by the cost of coal. Future fuel costs will be impacted by the cost of natural gas as well as coal. Tampa Electric is able to recover the cost of fuel through retail customers' bills, but increases in fuel costs affect electric prices and, therefore, the competitive position of electricity against other energy sources.

Regarding wholesale sales of electricity, the ability to make sales and margins on power sales is currently affected by the cost of coal to Tampa Electric, particularly as it compares to the cost of gas and oil to other power producers.

In the case of TPS, results are impacted by changes in the market price for electricity. The profitability of merchant power plants is heavily dependent on the price for power in the markets they serve. Wholesale power prices are set by the market assuming a cost for the input energy and conversion efficiency, but the fixed costs may not be reflected in the price for spot, or excess power.

In the case of PGS, costs for purchased gas and pipeline capacity are recovered through retail customers' bills, but increases in gas costs affect total retail prices and therefore, the competitive position of PGS relative to electricity, other forms of energy and other gas suppliers.

TECO Energy relies on some transmission and distribution assets that it does not own or control to deliver wholesale electricity as well as natural gas. If transmission is disrupted, or if capacity is inadequate, its ability to sell and deliver power and natural gas may be hindered.

TECO Energy depends on transmission and distribution facilities owned and operated by utilities and other energy companies to deliver the electricity and natural gas it sells to the wholesale market, as well as the natural gas it sells and purchases for use in its electric generation facilities. If transmission is disrupted, or if capacity is inadequate, the ability to sell and deliver products and satisfy contractual and service obligations may be hindered.

The FERC has issued regulations that require wholesale electric transmission services to be offered on an open-access, non-discriminatory basis. Although these regulations are designed to encourage competition in wholesale market transactions for electricity, there is the potential that fair and equal access to transmission systems will not be available or that sufficient transmission capacity will not be available to transmit electric power as desired. TECO Energy cannot predict the timing of industry changes as a result of these initiatives or the adequacy of transmission facilities in specific markets.

In addition, the independent system operators that oversee the transmission systems in certain wholesale power markets have from time to time been authorized to impose price limitations and other mechanisms to address volatility in the power markets. These types of price limitations and other mechanisms may adversely impact the profitability of TECO Energy's wholesale power marketing business.

The uncertain outcome regarding the creation of regional transmission organizations, or RTOs, may impact operations, cash flows or financial condition.

Tampa Electric is continuing to make progress towards the development of its RTO, which would independently control the transmission assets of participating utilities in peninsular Florida. Given the regulatory uncertainty of the ultimate timing, structure and operations of GridFlorida or an alternate combined transmission structure, TECO Energy cannot predict what effect its creation will have on future consolidated results of operations, cash flow or financial condition.

TECO Energy may be unable to take advantage of its existing tax credits.

TECO Energy derives a portion of its net income from Section 29 tax credits related to the production of non-conventional fuels. Although TECO Energy currently plans to sell a significant portion of the production facilities, until and unless TECO Energy successfully does so, the use of these tax credits is dependent on the generation of sufficient taxable income against which to use the credits. TECO Energy's forecast assumes that it will generate sufficient taxable income to use these credits. These credits, and their sale value, could be impacted by or become unavailable due to administrative actions of the Internal Revenue Service or the U.S. Treasury or changes in law, regulation or administration.

Problems with operations could cause TECO Energy to incur substantial costs.

Each of TECO Energy's subsidiaries is subject to various operational risks, including accidents or equipment breakdown or failure and operations below expected levels of performance or efficiency. As operators of power generation facilities, Tampa Electric and TPS could incur problems such as the breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes which would result in performance below assumed levels of output or efficiency. TECO Energy's forecast assumes normal operations and normal maintenance periods for its subsidiaries' facilities.

The international projects and operations of TPS and TECO Ocean Shipping are subject to risks that could result in losses or increased costs.

TPS is involved in several international projects. These projects involve numerous risks that are not present in domestic projects, including expropriation, political instability, currency exchange rate fluctuations, repatriation restrictions, and regulatory and legal uncertainties. TECO Energy's forecast assumes that TPS will manage these risks through a variety of risk mitigation measures, including specific contractual provisions, teaming with strong international and local partners, obtaining non-recourse financing and obtaining political risk insurance where appropriate.

TECO Ocean Shipping is exposed to operational risks in international ports, primarily in the form of its need to obtain suitable labor and equipment to safely discharge its cargoes in a timely manner. TECO Energy's forecast assumes that TECO Ocean Shipping will manage these risks through a variety of risk mitigation measures, including retaining agents with local knowledge and experience in successfully discharging cargoes and vessels similar to those used.

Changes in the environmental laws and regulations to which TECO Energy's regulated businesses are subject could increase costs or curtail activities.

TECO Energy's businesses are subject to regulation by various governmental authorities dealing with air, water and other environmental matters. Changes in compliance requirements or the interpretation by governmental authorities of existing requirements may impose additional costs or require curtailment of some businesses' activities.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Risk Management Infrastructure

TECO Energy and its affiliates are subject to various types of market risk in the course of daily operations, as discussed below. The company has adopted an enterprise-wide approach to the management and control of market and credit risk. Middle Office risk management functions, including credit risk management and risk control, are independent of each transacting entity (Front Office) and report to the Chief Financial Officer of TECO Energy. Front Office functions report to the various operating company presidents responsible for energy transaction activities.

The TECO Energy Risk Management Policy (Policy) governs all energy transacting activity at TECO Energy. The Policy is approved by the TECO Energy Board of Directors and administered by a Risk Authorizing Committee (RAC) that is comprised of senior management, chaired by TECO Energy's Chief Executive Officer (CEO), and advised by the Vice President of Energy Risk Management. Within the bounds of the Policy, the RAC approves specific hedging strategies, new transaction types or products, limits, and transacting authorities. The Policy further requires that, for all merchant generation asset management activities, power sales and gas purchases must be substantially matched, and that the volume of power sales commitments is limited to the volume of owned and available generating capacity. Transaction activity is reported daily and measured against limits. For all other commodity risk management activities, derivative transaction volumes are limited to the anticipated volume for customer sales or supplier procurement activities.

The TECO Energy Authorizing Committee, directed by the CEO of TECO Energy, administers the risk management policy with respect to interest rate risk exposures. Under the policy for interest rate risk management the committee operates and oversees transaction activity. Interest rate derivative transaction activity is directly correlated to borrowing activities.

Risk Management Objectives

The Front Office is responsible for reducing and mitigating the market risk exposures which arise from the ownership of physical assets and contractual obligations, such as merchant power plants, debt instruments and firm customer sales contracts. The primary objectives of the risk management organization, the Middle Office, is to quantify, measure and monitor the market risk exposures arising from the activities of the Front Office and the ownership of physical assets. In addition, the Middle Office is responsible for enforcing the limits and procedures established under the approved risk management policies. Based on the policies approved by the company's Board of Directors and the procedures established by the RAC, from time to time TECO Energy enters into futures, forwards, swaps and option contracts for the following purposes:

- To limit the exposure to price fluctuations for physical purchases and sales of natural gas in the course of normal operations at Tampa Electric, PGS, TECO Gas Services and Prior Energy;
- To limit the exposure to interest rate fluctuations on debt issuances at TECO Energy and its other affiliates;
- To limit the exposure to electricity, natural gas and fuel oil price fluctuations related to the operations of natural gas-fired and fuel oil-fired power plants at TPS; and
- To limit the exposure to price fluctuations for physical purchases of fuel at TECO Transport.

TECO Energy uses derivatives only to reduce normal operating and market risks, not for speculative purposes. The company's primary objective in using derivative instruments for regulated operations is to reduce the impact of market price

volatility on ratepayers. For unregulated operations, the company uses derivative instruments primarily to optimize the value of physical assets, primarily including generation capacity and natural gas delivery.

Derivative and Hedge Accounting

Effective Jan. 1, 2001, TECO Energy adopted FAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as subsequently amended and interpreted. FAS 133 requires TECO Energy and its affiliates to recognize derivatives as either assets or liabilities in the financial statements, to measure those instruments at fair value, and to reflect the changes in the fair value of those instruments as either components of other comprehensive income (OCI) or in net income, depending on the designation of those instruments. The effect of the adoption of FAS 133, at Jan. 1, 2001 on continuing operations was not material.

The accounting literature establishes specific criteria and requirements in order to apply hedge accounting. Due to the strict criteria and extensive requirements, certain derivatives do not qualify for hedge accounting, even though the derivative may efficiently and economically reduce the exposure to a particular type of risk. For accounting purposes, a derivative may only be designated as one of the following, resulting in the prescribed treatment in the financial statements:

Non-hedge: derivative must be recorded on the balance sheet at fair value; changes in the fair value of the derivative are recorded as a net gain or loss in earnings.

Cash Flow Hedge: derivative must be recorded on the balance sheet at fair value; changes in the fair value of the derivative are initially recorded in OCI; when the hedged item or anticipated hedged transaction impacts earnings, the current deferred gain or loss recorded in OCI is reclassified to earnings as an offset to the revenue or cost of the hedged item or anticipated hedged transaction.

Fair Value Hedge: derivative must be recorded on the balance sheet at fair value; changes in the fair value of the derivative are recorded in earnings; the hedged item is adjusted on the balance sheet to reflect the change in fair value from the hedge designation date; changes in the fair value of the hedged item are recorded as an offset to the change in fair value of the derivative recorded in earnings.

The designation of a derivative as either a cash flow or fair value hedge is dependent on the effectiveness of the derivative at offsetting the changes in future cash flows or fair value of the designated hedged transaction or item. The majority of the company's derivatives are used to reduce the variability in cash flows for anticipated sales or purchases of energy as a result of subsequent price movements (cash flow hedges). For example, a derivative to purchase natural gas at a fixed price may be designated as a cash flow hedge of the variability of future cash flows associated with an anticipated purchase of natural gas for the same time period. When the forecasted physical purchases of natural gas occurs, the gain or loss on the derivative, which has been deferred in OCI, will be reclassified to the income statement to adjust the actual purchase price to the committed fixed price of natural gas under the derivative instrument. Amounts recorded in OCI related to an effective designated cash flow hedge must be reclassified to current earnings if the anticipated hedged transaction is no longer probable of occurring.

Designation of a hedging relationship requires management to make assumptions about the future probability of the timing and amount of the transaction, and the future effectiveness of the derivative instrument in offsetting the change in fair value or cash flows of the hedged item or transaction. The determination of fair value is dependent upon certain assumptions and judgments. (See **Unregulated Companies** section below, and **Notes A** and **B** to the **Consolidated Financial Statements**.)

Interest Rate Risk

TECO Energy is exposed to changes in interest rates primarily as a result of its borrowing activities. TECO Energy or its affiliates may enter into futures, swaps and option contracts, in accordance with the approved risk management policies and procedures, to moderate this exposure to interest rate changes and achieve a desired level of fixed and variable rate debt. As of Dec. 31, 2002, a hypothetical 10% increase in TECO Energy's weighted average interest rate on its variable rate debt during 2003, as compared to 2002, would not result in a material impact on pretax earnings. Comparatively, as of Dec. 31, 2001 a hypothetical 10% increase in TECO Energy's weighted average interest rate on its variable rate debt and required refinancings during 2002, as compared to 2001, would have resulted in an estimated $3.2 million decrease in pretax earnings. These amounts were determined based on the variable rate obligations existing on the indicated date at TECO Energy and its subsidiaries. The reduction of the sensitivity to hypothetical interest rate movements is due to the amount of variable rate debt outstanding and substantially lower debt maturities. Due to the uncertainty of future events, as discussed in the **Investment Considerations** section, and management's responses to those events, the sensitivities assume no changes to TECO Energy's financing structure. A hypothetical 10% change in interest rates would increase the fair value of long-term debt 5.6 percent at Dec. 31, 2002. A hypothetical 10% change in interest rates would not have a significant impact on the estimated fair value of TECO Energy's long-term debt at Dec. 31, 2001. (See **Financing Activity** section, and **Notes E** and **F** to the **Consolidated Financial Statements**.)

Credit Risk

TECO Energy has adopted a rigorous process for the establishment of new trading counterparties. This process includes an evaluation of each counterparty's financial statements with particular attention paid to liquidity and capital

resources, establishment of counterparty-specific credit limits, optimization of credit terms, and execution of standardized enabling agreements. TECO Energy's Credit Guidelines require transactions with counterparties below investment grade to be collateralized. The Credit Guidelines are administered and monitored within the Middle Office, independent of the Front Office.

Financial instability and significant uncertainties relating to liquidity in the entire merchant energy sector have increased the perceived credit risk. Credit exposures for merchant generation activities are calculated, compared to limits and reported to management on a daily basis. Contracts with different legal entities of the same counterparty are consolidated and managed as appropriate, considering the legal structure and any netting agreements in place. Below is a summary of TECO Energy's credit risk exposure on energy contracts related to merchant generation activities at Dec. 31, 2002.

(millions) *Rating(1)*	*Exposure Before Credit Collateral(2)*	*Credit Collateral(3)*	*Net Exposure*	*Number of Counterparties >10% (4)*	*Net Exposure Counterparties >10%(4)*
Investment grade	$ 13.1	—	$ 13.1	4	$ 12.7
Split rating	—	—	—	—	—
Non-investment grade	—	—	—	—	—
No external ratings (internally rated)					
Investment grade	<0.1	—	<0.1	—	—
Non-investment grade	—	2.5	—	—	—
Total	$ 13.1	$ 2.5	$ 13.1	4	$ 12.7

(1) Ratings are principally determined based on publicly available credit ratings, as determined by independent ratings agencies. If the counterparty has provided a guarantee by a higher rated entity, the assigned rating is that of the guarantor. Included in Investment grade are those counterparties with a minimum S&P or Fitch's rating of BBB- or higher and a Moody's rating of Baa3 or higher.

(2) Exposure before credit collateral includes the fair value of net energy contract assets for open positions and the net account receivable for realized energy contracts. Exposures are offset by a legal counterparty where legally enforceable netting and setoff arrangements are in place.

(3) Credit collateral is required from time-to-time based on contractual provisions and may generally include cash deposits and letters of credit. At Dec. 31, 2002, credit collateral was required from two non-investment grade counterparties. However, TECO EnergySource was not exposed to these counterparties based on the unrealized fair value of the open energy contracts at Dec. 31, 2002.

(4) The number of counterparties that individually, after considering legally enforceable netting arrangements, represent a significant concentration of credit risk (i.e., more than 10% of the total credit exposure) at TECO EnergySource. Also, the combined exposure, less credit collateral, if any, of each significant concentration.

Commodity Risk

TECO Energy and its affiliates face varying degrees of exposure to commodity risks—including coal, natural gas, fuel oil and other energy commodity prices. Any changes in prices could affect the prices these businesses charge, their operating costs and the competitive position of their products and services. The company assesses and monitors risk using a variety of state-of-the-art measurement tools. Management uses different risk measurement and monitoring tools based on the degree of exposure of each operating company to commodity risk.

Regulated Utilities

At Tampa Electric, fuel costs used for generation are currently most affected by the cost of coal. Future fuel costs will be impacted by the cost of natural gas, in addition to coal, as the repowering of the Gannon Station is completed. (See the **Environmental Compliance** section.) PGS is primarily subject to costs for purchased gas and pipeline capacity. Increasing costs for the regulated utilities impact their competitive position in the marketplace versus other energy sources and suppliers.

Currently, Tampa Electric and PGS are subject to relatively little commodity price risk exposure. This is primarily due to the fact that commodity price increases due to changes in market conditions for fuel, purchased power and natural gas are recovered through cost recovery clauses, with no anticipated effect on earnings. Commodity price risk is mitigated by the use of long-term fuel supply agreements, prudent operation of plant facilities to reduce the reliance on purchased power, and derivative instruments designated as cash flow hedges of anticipated purchases of natural gas. At Dec. 31, 2002 and 2001, a change in commodity prices would not have a material impact on earnings for Tampa Electric or PGS.

Unregulated Companies

Most of the unregulated subsidiaries at TECO Energy are subject to significant commodity risk. These include TECO Coal, TECO Transport, TECO Gas Services, Prior Energy and TPS. The unregulated companies do not speculate using derivative instruments. However, not all derivative instruments receive hedge accounting treatment due to the strict requirements and narrow applicability of the accounting literature to dynamic transactions, as discussed above in the **Derivative and Hedge Accounting** section.

TECO Coal is exposed to commodity price risk through coal sales as a part of its daily operations. Fixed price sales agreements are used, where possible and economical, to mitigate the variability in coal prices. At Dec. 31, 2002 and 2001, a hypothetical 10% change in the average annual market price of coal for each year would have resulted in a decrease to pretax earnings of approximately $5 million and $15 million, respectively.

Fuel price risk exists at TECO Transport as a result of periodic purchases of diesel fuel. Haulage and freight agreements often include fuel price adjustments to transfer the risk of market fuel price movements to the customer. TECO Transport also utilizes derivative instruments to reduce the risk of price variability for anticipated fuel purchases in excess of purchases subject to fuel adjustment clauses. As of Dec. 31, 2002, substantially all of the projected fuel price risk for 2003 was removed via price adjustment clauses and a derivative instrument. As a result, a hypothetical 10% change in the average annual market price of fuel would not result in a material impact on pretax earnings as of Dec. 31, 2002 and would have resulted in an impact to pretax earnings of approximately $1 million as of Dec. 31, 2001.

Prior Energy and TECO Gas Services are exposed to variability in natural gas prices as a result of their commitments to purchase from suppliers and deliver physical natural gas to customers. Prior Energy and TECO Gas Services generally enter into fixed price agreements to provide procurement and fuel optimization services to customers. At the same time, derivative instruments and fixed price purchase agreements from suppliers are used to meet customers' requirements. As a result, a hypothetical change in natural gas prices would not have had a material impact for such operations as of Dec. 31, 2002 and 2001.

Prior Energy also provides hedge management and storage solutions for customers. Derivative instruments are carefully used to reduce or eliminate natural gas price risk associated with these activities. As of Dec. 31, 2002 and 2001, a hypothetical 10% change in natural gas prices would not result in a material impact on earnings.

For TPS, results of operations are impacted primarily by changes in the market prices for electricity and natural gas. The profitability of merchant power plants is heavily dependent on the spread between electric and gas prices (spark spread) in the markets they serve.

The spark spread calculates the relative profitability of converting gas into electricity, which exists as the best indicator of a gas-fired plant's profitability. The variable cost of producing electricity is primarily a function of gas commodity prices and the heat rate of the plant. The heat rate is the measure of efficiency in converting the input fuel into electricity. When the conversion price equals the market price, the spark spread would be zero. A power plant operating at this level would theoretically break even with respect to variable costs.

Wholesale power prices are set by the market assuming a cost for the input energy and conversion efficiency, but the fixed costs are not necessarily reflected in the market-observed spark spread. TPS uses derivative instruments to reduce the commodity price risk exposure of the merchant plants. The commodity price risk of each plant is managed on both a portfolio and asset-specific basis. The following table summarizes the impact of a hypothetical 10% change in commodity prices on the fair value of merchant energy derivative contracts at Dec. 31, 2002 and Dec. 31, 2001.

Sensitivity of the Fair Value of Merchant Energy Derivative Contracts

(millions)	*Dec. 31, 2002*	*Dec. 31, 2001*
Change in Fair Value due to a 10%(1):		
Decrease in natural gas prices	$ (16.9)	$(4.0)
Increase in electricity prices	(24.4)	— (2)
Increase in electricity and natural gas prices	(7.5)	— (2)

(1) Reflects the fair value associated with merchant energy derivative contracts only. The change shown for the contracts due to price movements would be more than offset by a change in the fair value of the underlying physical plant assets.

(2) No material impact.

Below is a summary of the percentage of merchant plant output and fuel requirements hedged.

Estimated Merchant Plant Hedging Information

	2003	*2004*
Forecasted plant output and fuel requirements hedged	37%	15%

The following tables summarize the changes in and the fair value balances of energy derivative assets (liabilities) for the years ended Dec. 31, 2001 and 2002.

Changes in Fair Value of Energy Derivatives (millions)

Net fair value of derivatives as of Dec. 31, 2000	$ (19.0)
Net change in unrealized fair value of derivatives	(29.2)
Changes in valuation techniques and assumptions	—
Realized net settlement of derivatives	21.1
Net fair value of derivatives as of Dec. 31, 2001	(27.1)
Net change in unrealized fair value of derivatives	4.7
Changes in valuation techniques and assumptions	—
Realized net settlement of derivatives	30.8
Net fair value of derivatives as of Dec. 31, 2002	$ 8.4

Roll-Forward of Energy Derivatives Net Assets (Liabilities) (millions)

Total energy contracts net assets (liabilities) as of Dec. 31, 2000	$ (19.0)
Change in fair value of net derivative assets (liabilities):	
Recorded in OCI	(1.2)
Recorded in earnings	21.1
Net option premium payments	2.3
Net purchase (sale) of existing contracts	(30.3)
Total energy contracts net assets (liabilities) as of Dec. 31, 2001	(27.1)
Change in fair value of net derivative assets (liabilities):	
Recorded in OCI	4.7
Recorded in earnings	30.8
Net option premium payments	—
Net purchase (sale) of existing contracts	—
Net fair value of derivatives as of Dec. 31, 2002	$ 8.4

When available, the company uses quoted market prices to record the fair value of energy derivative contracts. However, certain energy derivative contracts are not exchange-traded, but rather, are traded in the over-the-counter (OTC) market, through multiple-party on-line trading platforms, or in the bilateral market. TECO Energy uses industry-accepted valuation techniques based on pricing models or matrix pricing for energy derivative contracts when third-party price data is infrequent or not available. Prices, inputs, assumptions and the results of valuation techniques are validated by the Middle Office, independently of the Front Office, on a daily basis. Significant inputs and assumptions used by the company to determine the fair value of energy derivative contracts are: 1) the physical delivery location of the commodity; 2) the correlation between different basis points and/or different commodities; 3) rational, economic behavior in the markets and by counterparties; 4) on- and off-peak curve shapes and correlations; 5) observed market information; and 6) volatility forecasts for and between commodities. Mathematical approaches are applied on a frequent basis to validate and corroborate the results of valuation calculations.

Below is a summary table of sources of fair value, by maturity period, for energy derivative contracts at Dec. 31, 2002.

Maturity and Source of Energy Derivative Contracts Net Assets(Liabilities) at Dec. 31, 2002

Contracts Maturing in	*2003*	*2004*	*Total fair Value*
Source of Fair Value (millions)			
Actively quoted prices	$ 8.7	$ 0.1	$ 8.8
Other external sources(1)	(0.3)	(0.1)	(0.4)
Model Prices(2)	—	—	—
Total	$ 8.4	$ —	$ 8.4

(1) Information from external sources includes information obtained from over-the-counter brokers, industry price services or surveys and multiple-party on-line platforms.

(2) Model prices are used for determining the fair value of energy derivatives where price quotes are infrequent or the market is illiquid. Significant inputs to the models are derived from market observable data and actual historical experience.

For all unrealized energy derivative contracts, the valuation is an estimate based on the best available information. Actual cash flows could be materially different from the estimated value upon maturity.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

TECO ENERGY, INC.
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All other 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 Certified Public Accountants

To the Board of Directors and Shareholders of TECO Energy, Inc.,

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of TECO Energy, Inc. and its subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the Notes C and B to the Consolidated Financial Statements, the Company adopted the provisions of Financial Accounting Standard 142, *Goodwill and Other Intangible Assets* on January 1, 2002 and Financial Accounting Standard 133, *Accounting for Derivative Instruments and Hedging* on January 1, 2001, respectively.

/s/ PricewaterhouseCoopers LLP
Tampa, Florida
January 22, 2003 except for the information in Note U as to which the date is January 30, 2003.

TECO ENERGY, INC.
Consolidated Balance Sheets

Assets (millions) *Dec. 31,*	*2002*	*2001*
Current assets		
Cash and cash equivalents	$ 411.1	$ 108.5
Restricted cash	1.6	1.6
Receivables, less allowance for uncollectibles of $6.6 million and $7.1 million at Dec. 31, 2002 and 2001, respectively	422.7	358.6
Current notes receivable	235.1	92.7
Inventories, at average cost		
Fuel	113.7	87.3
Materials and supplies	96.1	83.2
Prepayments and other current assets	42.9	44.4
Total current assets	1,323.2	776.3
Property, plant and equipment		
Utility plant in service		
Electric	5,054.4	4,861.1
Gas	746.7	699.4
Construction work in progress	1,556.8	897.0
Other property	857.4	865.1
Property, plant and equipment, at original cost	8,215.3	7,322.6
Accumulated depreciation	(2,751.3)	(2,572.0)
	5,464.0	4,750.6
Property held for sale (net)	—	87.6
Total property, plant and equipment (net)	5,464.0	4,838.2
Other assets		
Other investments	845.3	210.4
Investment in unconsolidated affiliates	149.2	172.9
Goodwill	193.7	165.8
Deferred income taxes	340.2	242.0
Regulatory assets	163.2	198.3
Deferred charges and other assets	159.0	159.5
Total other assets	1,850.6	1,148.9
Total assets	$ 8,637.8	$ 6,763.4

The accompanying notes are an integral part of the consolidated financial statements.

TECO ENERGY, INC.
Consolidated Balance Sheets

Liabilities and Capital (millions) *Dec. 31,*	*2002*	*2001*
Current liabilities		
Long-term debt due within one year	$ 127.1	$ 788.8
Notes payable	360.5	638.9
Accounts payable	377.4	267.4
Current derivative liability	3.9	33.5
Customer deposits	94.6	86.3
Interest accrued	49.8	35.6
Taxes accrued	95.9	71.7
Total current liabilities	1,109.2	1,922.2
Other liabilities		
Deferred income taxes	495.0	498.7
Investment tax credits	27.5	32.3
Regulatory liabilities	98.1	106.2
Deferred credits and other liabilities	322.9	189.9
Long-term debt, less amount due within one year	3,324.3	1,842.5
Total other liabilities	4,267.8	2,669.6
Preferred securities		
Company preferred securities	649.1	200.0
Capital		
Common equity (400 million shares authorized; 175.8 million and 139.6 million outstanding at Dec. 31, 2002 and 2001, respectively)	175.8	139.6
Additional paid in capital	1,094.5	600.7
Retained earnings	1,413.7	1,298.0
Accumulated other comprehensive (loss) income	(41.2)	(22.4)
Common equity	2,642.8	2,015.9
Unearned compensation	(31.1)	(44.3)
Total capital	2,611.7	1,971.6
Total liabilities and capital	$ 8,637.8	$ 6,763.4

The accompanying notes are an integral part of the consolidated financial statements.

TECO ENERGY, INC.
Consolidated Statements of Income

(millions, except per share amounts) *Year Ended Dec. 31,*	*2002*	*2001*	*2000*
Revenues			
Regulated electric and gas (includes franchise fee and gross receipts taxes of $73.8 million in 2002, $71.1 million in 2001 and $59.7 million in 2000)	$ 1,867.0	$ 1,733.0	$ 1,635.9
Unregulated	808.8	755.1	587.2
Total revenues	2,675.8	2,488.1	2,223.1
Expenses			
Regulated operations			
Fuel	312.7	218.2	201.2
Purchased power	202.3	144.7	124.5
Cost of natural gas sold	148.9	186.4	157.0
Other	273.8	250.0	247.1
Other operations	710.4	689.8	546.9
Maintenance	162.1	151.3	140.0
Depreciation	303.4	288.2	258.0
Taxes, other than income	173.2	161.3	147.9
Total expenses	2,286.8	2,089.9	1,822.6
Income from operations	389.0	398.2	400.5
Other income (expense)			
Allowance for other funds used during construction	24.9	6.6	1.6
Other income (expense)	62.4	38.6	13.9
Loss on debt refinancing	(34.1)	—	—
Earnings from equity investments	(6.0)	6.7	7.7
Total other income (expense)	47.2	51.9	23.2
Interest charges			
Interest expense	147.1	164.0	167.6
Distribution on preferred securities	38.9	17.0	—
Allowance for borrowed funds used during construction	(9.6)	(2.6)	(0.7)
Total interest charges	176.4	178.4	166.9
Income before provision for income taxes	259.8	271.7	256.8
Provision (benefit) for income taxes	(38.4)	(2.1)	29.3
Net income from continuing operations	298.2	273.8	227.5
Discontinued operations			
Income from discontinued operations	26.1	21.9	12.6
Income tax benefit	(5.8)	(8.0)	(10.8)
Total discontinued operations	31.9	29.9	23.4
Net income	$ 330.1	$ 303.7	$ 250.9
Average common shares outstanding during year			
– Basic	153.2	134.5	125.9
– Diluted	153.3	135.4	126.3
Earnings per average common share outstanding			
From continuing operations			
– Basic	$ 1.95	$ 2.04	$ 1.81
– Diluted	$ 1.95	$ 2.02	$ 1.79
Net income			
– Basic	$ 2.15	$ 2.26	$ 1.99
– Diluted	$ 2.15	$ 2.24	$ 1.97

The accompanying notes are an integral part of the consolidated financial statements.

TECO ENERGY, INC.
Consolidated Statements of Comprehensive Income

(millions, except per share amounts) *Year Ended Dec. 31,*	*2002*	*2001*	*2000*
Net income	$ 330.1	$ 303.7	$ 250.9
Other comprehensive (loss) income, net of tax			
Foreign currency translation adjustments	(1.2)	—	—
Net unrealized losses on cash flow hedges	(13.2)	(19.2)	—
Minimum pension liability adjustments	(4.4)	0.3	2.0
Other comprehensive (loss) income, net of tax	(18.8)	(18.9)	2.0
Comprehensive income	$ 311.3	$ 284.8	$ 252.9

The accompanying notes are an integral part of the consolidated financial statements.

TECO ENERGY, INC.
Consolidated Statements of Cash Flows

(millions, except per share amounts) *Year Ended Dec. 31,*	*2002*	*2001*	*2000*
Cash flows from operating activities			
Net income	$ 330.1	$ 303.7	$ 250.9
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	303.4	288.2	258.0
Deferred income taxes	(96.5)	(102.9)	(77.6)
Investment tax credits, net	(4.8)	(4.9)	(4.8)
Allowance for funds used during construction	(34.5)	(9.2)	(2.3)
Amortization of unearned compensation	13.9	9.7	9.2
Gain on asset sales, pretax	(15.1)	—	(13.6)
Equity in earnings of unconsolidated affiliates	15.3	(3.1)	(7.6)
Asset valuation adjustment, pretax	14.1	11.1	14.2
Deferred recovery clause	72.2	(19.0)	(68.7)
Refund to customers	(6.4)	—	(13.2)
Receivables, less allowance for uncollectibles	(64.1)	57.1	(95.5)
Inventories	(39.4)	(22.8)	7.5
Taxes accrued	24.1	16.4	17.6
Interest accrued	14.2	(6.3)	25.5
Accounts payable	98.3	(51.3)	42.6
Other	30.9	36.0	44.1
Cash flows from operating activities	655.7	502.7	386.3
Cash flows from investing activities			
Capital expenditures	(1,065.2)	(965.9)	(688.4)
Allowance for funds used during construction	34.5	9.2	2.3
Purchase of minority interest	(9.9)	—	(52.6)
Purchase of business	—	(315.8)	(31.3)
Net proceeds from sales of assets	103.3	43.2	61.3
Investment in unconsolidated affiliates	(7.6)	27.6	(7.7)
Other non-current investments	(715.6)	95.7	(333.4)
Cash flows from investing activities	(1,660.5)	(1,106.0)	(1,049.8)
Cash flows from financing activities			
Dividends	(215.8)	(184.2)	(167.4)
Common stock	572.6	348.4	18.3
Purchase of treasury stock	—	—	(29.9)
Proceeds from long-term debt	1,758.4	1,255.9	394.9
Repayment of long-term debt	(949.7)	(236.5)	(145.6)
Net increase (decrease) in short-term debt	(278.4)	(570.0)	395.3
Issuance of preferred securities	435.6	—	200.0
Equity contract adjustment payments	(15.3)	—	—
Cash flows from financing activities	1,307.4	613.6	665.6
Net increase in cash and cash equivalents	302.6	10.3	2.1
Cash and cash equivalents at beginning of year	108.5	98.2	96.1
Cash and cash equivalents at end of year	$ 411.1	$ 108.5	$ 98.2
Supplemental disclosure of cash flow information			
Cash paid during the year for			
Interest (net of amounts capitalized)	$ 160.2	$ 178.1	$ 166.7
Income taxes	$ 71.9	$ 52.4	$ 83.9

The accompanying notes are an integral part of the consolidated financial statements.

TECO ENERGY, INC.
Consolidated Statements of Common Equity

(millions)	*Shares(1)*	*Common Stock*	*Additional Paid-in Capital*	*Treasury Stock*	*Retained Earnings*	*Accumulated Other Comprehensive Income (Loss)*	*Unearned Compensation*	*Total Common Equity*
Balance, Dec. 31, 1999	126.7	$ 132.1	$ 368.9	$(114.8)	$1,091.8	$ (5.5)	$ (54.7)	$ 1,417.8
Net income for 2000					250.9			250.9
Other comprehensive income, after tax						2.0		2.0
Common stock issued	1.2	1.2	26.8				(3.9)	24.1
Treasury shares purchased	(1.6)			(29.9)				(29.9)
Cash dividends declared					(167.4)			(167.4)
Amortization of unearned compensation							9.2	9.2
Tax benefits–ESOP dividends and stock options			1.6		1.8			3.4
Performance shares							(3.2)	(3.2)
Balance, Dec. 31, 2000	126.3	133.3	397.3	(144.7)	1,177.1	(3.5)	(52.6)	1,506.9
Net income for 2001					303.7			303.7
Other comprehensive (loss) income, after tax						(18.9)		(18.9)
Common stock issued	13.3	6.3	203.2	144.7			(5.8)	348.4
Cash dividends declared					(184.2)			(184.2)
Amortization of unearned compensation							9.7	9.7
Tax benefits–ESOP dividends and stock options			0.2		1.4			1.6
Performance shares							4.4	4.4
Balance, Dec. 31, 2001	139.6	139.6	600.7	—	1,298.0	(22.4)	(44.3)	1,971.6
Net income for 2002					330.1			330.1
Other comprehensive (loss) income, after tax						(18.8)		(18.8)
Common stock issued	36.2	36.2	544.4				(8.0)	572.6
Cash dividends declared					(215.8)			(215.8)
Amortization of unearned compensation							13.9	13.9
Convertible preferred stock – present value of contract adjustment payments			(53.1)					(53.1)
Tax benefits– ESOP dividends and stock options			2.5		1.4			3.9
Performance shares							7.3	7.3
Balance, Dec. 31, 2002	175.8	$ 175.8	$1,094.5	$ —	$1,413.7	$ (41.2)	$ (31.1)	$ 2,611.7

The accompanying notes are an integral part of the consolidated financial statements.
(1) TECO Energy had 400 million shares of $1 par value common stock authorized in 2002, 2001 and 2000.

A. Summary of Significant Accounting Policies

The significant accounting policies for both utility and diversified operations are as follows:

Principles of Consolidation

The consolidated financial statements include the accounts of TECO Energy, Inc. (TECO Energy or the company) and its wholly-owned subsidiaries.

The equity method of accounting is used to account for investments in partnership arrangements in which TECO Energy or its subsidiary companies do not have majority ownership or exercise control.

The proportional share of expenses, revenues and assets reflecting TECO Coalbed Methane's undivided interest in joint venture property is included in the consolidated financial statements. Results of operations for TECO Coalbed Methane are included in discontinued operations.

All significant intercompany balances and intercompany transactions have been eliminated in consolidation.

The use of estimates is inherent in the preparation of financial statements in accordance with generally accepted accounting principles.

Cash Equivalents

Cash equivalents are highly liquid, high-quality investments purchased with an original maturity of three months or less. The carrying amount of cash equivalents approximated fair market value because of the short maturity of these instruments.

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates are accounted for using the equity method of accounting. At Dec. 31, 2002, these investments included TECO Propane Ventures' (TPV) 38 percent ownership interest in US Propane, TECO Power Services' (TPS) 24 percent ownership interest in Empresa Eléctrica de Guatemala, S.A. (EEGSA), the Guatemalan electric utility, TPS' 50 percent voting interest in the TECO-Panda Generating Company, L.P. (TPGC), TPS' 50 percent ownership interest in the Hamakua Power Station in Hawaii, TECO Energy Services' 50 percent ownership interest in a chiller plant project, TECO Partners' 65 percent ownership interest in Litestream Technologies, a fiber optic cable project, and TECO Properties' 50 percent ownership interest in four real estate projects (See **Note T**). At Dec. 31, 2001, the investment in unconsolidated affiliates included the US Propane, EEGSA, TPGC, Hamakua and real estate investments.

Summary financial information for TPGC, a development stage enterprise, as of Dec. 31, 2002 and 2001 is presented in the following table. Results from operations were primarily attributable to financing and general administrative costs associated with construction activities.

Summary Financial Information for TPGC

(millions) Dec. 31,	*2002*	*2001*
Current assets	$ 53.5	$ 102.6
Non-current assets	$ 3,114.7	$ 1,854.1
Current liabilities	$ 596.9	$ 372.8
Non-current liabilities	$ 2,790.6	$ 1,686.6
(millions) For the year ended Dec. 31,	*2002*	*2001*
Net revenues	$ 0.7	$ 0.5
Operating loss	$ (22.0)	$ (5.4)
Loss available for allocation to partners	$ (22.0)	$ (5.4)

Other Investments

Other investments, which include longer-term passive investments, at Dec. 31, 2002 and 2001 were as follows:

Other Investments

(millions) Dec. 31,	*Rate*	*Due Date*	*2002*	*2001*
Notes receivable from:				
Panda Energy(1)	14.00%	1/3/03	$ 137.0	$ 92.7
Energeticke Centrum Kladno	6.00%	10/31/10	1.4	—
Mosbacher Power Partners L.P.	12.00%	5/16/02	—	13.1
Mosbacher Power Partners L.P.	9.00%	8/1/08	13.7	21.1
Mosbacher Power Partners L.P.	12.00%	5/16/02	—	6.2
EEGSA	6.81%(2)	9/11/07	11.1	10.9
TECO-Panda Generating Company, L.P.	7.79%(2)	11/30/04	369.5	37.5
TECO-Panda Generating Company, L.P.	6.58%(2)	11/30/04	426.3	86.7
Municipal Gas Authority of Georgia(3)	1.38%	3/31/03	98.1	—
Investment in Energy Center Kladno Generating (ECKG)(4)	—	—	13.6	18.2
Continuing Investments in Leveraged Leases	—	—	9.4	15.6
Other investments	—	—	0.3	1.1
			1,080.4	303.1
Current notes receivable			235.1	92.7
Other non-current investments			$ 845.3	$ 210.4

(1) On Jan. 3, 2003, this note receivable converted to an ownership interest (see **Note N**).

(2) Current rate at Dec. 31, 2002.

(3) Received payment of this note receivable on Jan. 30, 2003 (see **Note U**).

(4) 13.35% ownership interest in an electric generating power project in the Czech Republic.

These financial investments have no quoted market prices and, accordingly, a reasonable estimate of fair market value could not be made without incurring excessive costs. However, the company believes by reference to stated interest rates and security description, the fair value of these assets would not differ significantly from the carrying value.

Deferred Credits and Other Liabilities

Other deferred credits primarily include the accrued post-retirement benefit liability, the pension liability, deferred gains and the liability for future contract adjustment payments related to the mandatorily convertible equity securities.

Revenue Recognition

TECO Energy recognizes revenues in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin (SAB) 101, *Revenue Recognition in Financial Statements*. The criteria outlined in SAB 101 are that a) there is persuasive evidence that an arrangement exists; b) delivery has occurred or services have been rendered; c) the fee is fixed and determinable; and d) collectibility is reasonably assured. Except as discussed below, TECO Energy and its subsidiaries recognize revenues on a gross basis when earned for the physical delivery of products or services and the risks and rewards of ownership have transferred to the buyer. Revenues for any financial or hedge transactions that do not result in physical delivery are reported on a net basis.

The regulated utilities' (Tampa Electric Company and Peoples Gas System) retail businesses and the prices charged to customers are regulated by the Florida Public Service Commission (FPSC). Tampa Electric's wholesale business is regulated by the Federal Energy Regulatory Commission (FERC). As a result, the regulated utilities qualify for the application of Financial Accounting Standard No. (FAS) 71, *Accounting for the Effects of Certain Types of Regulation*. See **Note D** for a discussion of the applicability of FAS 71 to the company. Revenues for certain transportation services at TECO Transport are recognized using the percentage of completion method, which includes estimates of the distance traveled and/or the time elapsed, compared to the total estimated contract.

Revenues for long-term engineering or construction-type contracts at TECO Energy Services (formerly TECO BGA and BCH Mechanical) are recognized on a percentage of completion basis, which includes estimates of the total costs for the project compared to the estimated work progress already completed for the contract. Each month, revenue recognition and realized profit are adjusted to reflect only the percentage of the estimated costs that have been completed.

Revenues for energy marketing operations at Prior Energy and TECO Gas Services are presented on a net basis in accordance with Emerging Issues Task Force No. (EITF), 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent and EITF 02-3, Recognition and Reporting of Gains and Losses on Energy Trading Contracts Under Issues No. 98-10 and 00-17*, to reflect the nature of the contractual relationships with customers and suppliers. As a result, costs netted against revenues were $539.4 million, $105.5 million and $28.4 million, respectively, for 2002, 2001 and 2000.

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 power, conservation and environmental costs for Tampa Electric and purchased gas, interstate pipeline capacity and conservation costs for Peoples Gas System (PGS). These adjustment factors are based on costs incurred and projected 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 charges.

In 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. In February 1995, the FPSC authorized the recovery of this buy-out amount plus carrying costs through the Fuel and Purchased Power Cost Recovery Clause over the 10-year period beginning Apr. 1, 1995. In each of the years 2002, 2001 and 2000, $2.7 million 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.

The regulated utilities accrue base revenues for services rendered but unbilled to provide a closer matching of revenues and expenses.

Tampa Electric's objectives of stabilizing prices from 1996 through 1999 and securing fair earnings opportunities during this period were accomplished through a series of agreements entered into in 1996 with Florida's Office of Public Counsel (OPC) and the Florida Industrial Power Users Group, which were approved by the FPSC. Prior to these agreements, the FPSC approved a plan submitted by Tampa Electric to defer certain 1995 revenues.

In general, under these agreements Tampa Electric was allowed to defer revenues in 1995 and 1996 during the construction of Polk Unit 1 and recognize these revenues in 1997 and 1998 after commercial operation of the unit. Other components of the agreements were a base rate freeze through 1999 and refunds to customers totaling $50 million during the period October 1996 through December 1998 while Tampa Electric was allowed recovery of the capital costs incurred for the Polk Unit 1 project.

In October 2000, the FPSC staff recommended a refund of $6.1 million for the final year of the agreements. OPC objected to certain interest expenses recognized in 1999 that were associated with prior years' tax positions and used to calculate the amount to be refunded. Following a review by the FPSC staff, the FPSC agreed in December 2000 that the original $6.1 million was to be refunded to customers. In February 2001, OPC protested the FPSC's decision. The FPSC held hearings on the issue in August 2001 and upheld its original decision. In January 2002, the OPC filed a motion with the FPSC asking for reconsideration of its decision, alleging the FPSC relied on erroneous information. This was not granted and Tampa Electric made refunds associated with 1999 earnings in 2002. Over the terms of the agreements, the company refunded in total about $69 million.

Since the expiration of the agreements, Tampa Electric is not under a new stipulation. Therefore, its rates and allowed return on equity (ROE) range of 10.75 percent to 12.75 percent with a midpoint of 11.75 percent are in effect until such time as changes are occasioned by an agreement approved by the FPSC or other FPSC actions as a result of rate or other proceedings initiated by Tampa Electric, FPSC staff or other interested parties. Tampa Electric expects to continue earning within its allowed ROE range.

On June 27, 2002, PGS filed a petition with the FPSC to increase its service rates. The requested rates would have resulted in a $22.6 million annual base revenue increase, reflecting a ROE midpoint of 11.75 percent.

On the date of the FPSC hearing, PGS agreed to a settlement with all parties involved, and a final FPSC order was granted on Dec. 17, 2002. PGS received authorization to increase annual base revenues by $12.05 million. The new rates allow for an ROE range of 10.25 to 12.25 percent with an 11.25 percent midpoint ROE and a capital structure with 57.43 percent equity. The increase went into effect on Jan. 16, 2003.

Purchased Power

Tampa Electric purchases power on a regular basis primarily to meet the needs of its retail customers. For the years ended Dec. 31, 2002, 2001 and 2000, Tampa Electric purchased power of $202.3 million, $144.7 million and $124.5 million, respectively. These purchased power costs are recoverable through an FPSC-approved cost recovery clause.

TPS, through its wholly-owned subsidiary, Hardee Power Partners (Hardee), has agreements with Seminole Electric Cooperative and Tampa Electric to supply all the power and capacity of its Hardee Power Station for 20 years beginning in 1993. Under the Seminole agreement, Hardee agreed to supply Seminole with an additional 145 megawatts of capacity during the first 10 years of the contract, which ended on Dec. 31, 2002. This additional capacity was purchased from Tampa Electric's Big Bend Unit 4 for resale to Seminole. To meet other firm commitment contracts, TPS' merchant plants may also purchase power from time to time. Total unregulated purchased power for 2002, 2001 and 2000 was $51.3 million, $34.0 million and $30.1 million, respectively.

Planned Major Maintenance

TECO Energy accounts for planned maintenance projects by expensing the costs as incurred. Planned major maintenance projects that do not increase the overall life or value of the related assets are expensed. When the major maintenance materially increases the life or value of the underlying asset, the cost is capitalized. While normal maintenance outages covering various components of the plants generally occur on at least a yearly basis, major overhauls occur less frequently.

Tampa Electric expenses major maintenance costs as incurred. Concurrent with a planned major maintenance outage, the cost of adding or replacing retirement units-of-property is capitalized in conformity with FPSC and FERC regulations.

At TPS, each of the San Jose and Alborada plants in Guatemala has a long-term power purchase agreement (PPA) with EEGSA. A major maintenance revenue recovery component is implicit in the capacity payment portion of the PPA for each plant. Accordingly, a portion of each monthly fixed capacity payment is deferred to recognize the portion that reflects recovery of future planned major maintenance expenses. Actual maintenance costs are expensed when incurred with a like amount of deferred recovery revenue recognized at the same time. All other TPS operating projects expense major maintenance costs when incurred.

Depreciation

TECO Energy 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 4.2% for 2002 and 2001, and 4.1% for 2000.

The original cost of utility plant retired or otherwise disposed of and the cost of removal less salvage are charged to accumulated depreciation. The implementation of FAS 143, *Accounting for Asset Retirement Obligations* in 2003 will result in the carrying amount of long-lived assets being increased, and this adjusted capitalized amount depreciated over the useful life of the asset. (See **Note T – Accounting for Asset Retirement Obligations.**)

Accounting for Excise Taxes, Franchise Fees and Gross Receipts

TECO Coal and TECO Transport incur most of TECO Energy's total excise taxes, which are accrued as an expense and reconciled to the actual cash payment of excise taxes. As general expenses, they are not specifically recovered through revenues. Excise taxes paid by the regulated utilities are not material and are expensed when incurred.

The regulated utilities are allowed to recover certain costs incurred from customers through prices approved by the regulatory process. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Statement of Income. These amounts totaled $73.8 million, $71.1 million and $59.7 million, respectively, for 2002, 2001 and 2000. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Statement of Income in Taxes, other than income. For 2002, 2001 and 2000 these totaled $73.7 million, $71.0 million and $59.8 million, respectively.

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 2002, 2001 and 2000. Total AFUDC for 2002, 2001 and 2000 was $34.5 million, $9.2 million, and $2.3 million, respectively. The base on which AFUDC is calculated excludes construction work in progress which has been included in rate base.

Interest Capitalized

Interest costs for the construction of non-utility facilities are capitalized and depreciated over the service lives of the related property. TECO Energy capitalized $63.2 million, $23.0 million and $6.5 million of interest costs in 2002, 2001 and 2000, respectively.

Deferred Income Taxes

TECO Energy utilizes the liability method 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 PGS 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.

Asset Impairments

Effective Jan. 1, 2002, TECO Energy and its subsidiaries adopted FAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which supersedes FAS 121, *Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of.* FAS 144 addresses accounting and reporting for the impairment or disposal of long-lived assets, including the disposal of a segment of a business.

The company periodically assesses whether there has been a permanent impairment of its long-lived assets and certain intangibles held and used by the company, in accordance with FAS 144, and prior to 2002 with FAS 121.

TECO Energy recorded after-tax charges of $8.8 million, $7.2 million and $9.0 million in 2002, 2001 and 2000, respectively, to adjust asset valuations (see **Note L**).

Reporting on the Costs of Start-up Activities

In 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-5, *Reporting on the Costs of Start-up Activities*. It requires costs of start-up activities and organization costs to be expensed as incurred. Start-up activities are broadly defined as those one-time activities related to events such as opening a new facility, conducting business in a new territory and organizing a new entity. Some costs, such as the costs of acquiring or constructing long-lived assets and bringing them into service, are not subject to SOP 98-5. Start-up costs, as defined by SOP 98-5, are expensed as incurred.

Foreign Operations

The functional currency of the company's foreign investments is primarily the U.S. dollar. Transactions in the local currency are remeasured to the U.S. dollar for financial reporting purposes. The aggregate remeasurement gains or losses included in net income in 2002, 2001 and 2000 were not significant.

The investments are generally protected from any significant currency gains or losses by the terms of the power sales agreements and other related contracts, in which payments are defined in U.S. dollars.

Restrictions on Dividend Payments and Transfer of Assets

Dividends on TECO Energy's common stock are at the discretion of its Board of Directors. Should TECO Energy exercise its right to defer payments on its subordinated notes issued in connection with the issuance of trust preferred securities by TECO Capital Trust I or TECO Capital Trust II, TECO Energy would be prohibited from paying cash dividends on its common stock until the unpaid distributions on the subordinated notes are made. TECO Energy has not exercised that right. In addition, TECO Energy's $380 million note indenture contains covenants which would apply only if either 1) notes are rated below BBB- by Standard & Poor's (S&P) or below Baa3 by Moody's or 2) notes are rated below Special Ratings Trigger (minimum of BBB- by S&P and Baa2 by Moody's or BBB by S&P and Baa3 by Moody's) if TECO Energy construction undertakings for the TECO/Panda projects are not substantially discharged. These covenants include limitation on restricted payments, limitations on certain liens and limitation on indebtedness.

The primary sources of funds to pay dividends on TECO Energy's common stock are dividends from its operating companies. Tampa Electric's first mortgage bond indenture and certain long-term debt at PGS contain restrictions that limit the payment of dividends on the common stock of Tampa Electric. Tampa Electric's first mortgage bond indenture does not limit loans or advances. In addition, TECO Diversified, Inc., a wholly-owned subsidiary of TECO Energy and the holding company for TECO Transport, TECO Coal, TECO Coalbed Methane and TECO Solutions, has a guarantee related to a coal supply agreement that limits the payment of dividends to its common shareholder, but does not limit loans or advances. As of Dec. 31, 2002 and 2001, the balances restricted as to transfers to the parent company in the form of loans, advances or cash dividends were less than 25 percent of consolidated common equity. (See **Note R**.)

Lease Accounting Amendment

In April 2002, the Financial Accounting Standards Board (FASB) issued FAS 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*. In addition to rescinding the aforementioned statements, FAS 145 amends FAS 13, *Accounting for Leases*, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The implementation of FAS 145 has not had a significant impact on the company's results.

Reclassifications

Certain prior year amounts were reclassified to conform with current year presentation.

B. Derivatives and Hedging

From time to time, TECO Energy enters into futures, forwards, swaps and option contracts for the following purposes:

- To hedge the selling price for the physical production of natural gas at TECO Coalbed Methane;
- To limit the exposure to price fluctuations for physical purchases and sales of natural gas in the course of normal operations at Tampa Electric, PGS and Prior Energy;
- To limit the exposure to interest rate fluctuations on debt issuances at TECO Energy and its other affiliates;
- To limit the exposure to electricity, natural gas and fuel oil price fluctuations related to the operations of natural gas-fired and fuel oil-fired power plants at TPS; and
- To limit the exposure to price fluctuations for physical purchases of fuel at TECO Transport.

TECO Energy uses derivatives only to reduce normal operating and market risks, not for speculative purposes. The company's primary objective in using derivative instruments for regulated operations is to reduce the impact of market price volatility on ratepayers. For unregulated operations, the company uses derivative instruments primarily to optimize the value of physical assets, including generation capacity, natural gas production, and natural gas delivery.

The risk management policies adopted by TECO Energy provide a framework through which management monitors various risk exposures. Daily and periodic reporting of positions and other relevant metrics are performed by a centralized risk management group which is independent of all operating companies.

Effective Jan. 1, 2001, the company adopted FAS 133, *Accounting for Derivative Instruments and Hedging Activities*. The new standard requires companies to recognize derivatives as either assets or liabilities in the financial statements, to measure those instruments at fair value, and to reflect the changes in the fair value of those instruments as either components of other comprehensive income (OCI) or in net income, depending on the designation of those instruments. The changes in fair value that are recorded in OCI are not immediately recognized in current net income. As the underlying hedged transaction matures or the physical commodity is delivered, the deferred gain or the loss on the related hedging instrument must be reclassified from OCI to earnings based on its value at the time of its reclassification. For effective hedge transactions, the amount reclassified from OCI to earnings is offset in net income by the amount paid or received on the underlying physical transaction. Additionally, amounts defined in OCI related to an effective designated cash flow hedge must be reclassified to current earnings if the anticipated hedged transaction is no longer probable of occurring. At adoption, the company had derivatives in place at TECO Coalbed Methane that qualified for cash flow hedge accounting treatment under FAS 133, and recorded an opening swap liability of $19.0 million and an after-tax reduction to OCI of $12.6 million.

At Dec. 31, 2002, the company had derivative assets totaling $12.5 million and liabilities totaling $4.1 million. At Dec. 31, 2001, the company had derivative assets totaling $9.9 million and liabilities totaling $37.0 million. At Dec. 31, 2002 and 2001, accumulated OCI included $32.4 million and $19.2 million, respectively, of unrealized after-tax losses, representing the fair value of cash flow hedges whose transactions will occur in the future, including an unrealized loss of $37.3 million and $11.2 million for 2002 and 2001, respectively, on an equity investee's interest rate swap and other fuel hedges designated as cash flow hedges. Amounts recorded in OCI reflect the value of derivative instruments designated as hedges, based on market prices as of the balance sheet date. These amounts are expected to fluctuate with movements in market prices and may or may not be realized as a loss upon future reclassification from OCI.

As of Dec. 31, 2002, TECO Energy had transactions in place to hedge commodity price risk and interest rate risk that qualify for cash flow hedge accounting treatment under FAS 133. During 2002, TECO Energy reclassified net pretax losses of $29.0 million to earnings for cash flow hedges, compared to pretax losses of $19.7 million in 2001. Amounts reclassified from OCI were primarily related to cash flow hedges of physical purchases of natural gas and physical sales of electricity. For these types of hedge relationships, the loss on the derivative, reclassified from OCI to earnings, is offset by the reduced expense arising from lower prices paid for spot purchases of natural gas. Conversely, reclassification of a gain from OCI to earnings is offset by the increased cost of spot purchases of natural gas.

As a result of 1) the suspension of construction on the Dell and McAdams power plants at TPS, and 2) the maintenance activity on the Frontera Power Station at TPS in early 2003, the company discontinued hedge accounting for purchases of natural gas and sales of electricity which are no longer anticipated to take place within two months of the originally designated time period for delivery. The discontinuation of hedge accounting resulted in a reclassification of a pretax gain of $0.2 million from OCI to earnings, reflecting the fair value of the related derivatives as of the discontinuation date. This gain is included in the net pretax loss reported above for 2002. Gains and losses on these derivative instruments subsequent to the discontinuation of hedge accounting treatment were recorded in earnings.

Based on the fair values at Dec. 31, 2002, pretax gains of $7.1 million are expected to be reversed from OCI to the Consolidated Statement of Income within the next twelve months. However, these gains and other future reclassifications from OCI, will fluctuate with movements in the underlying market price of the derivative instruments. Excluding interest rate risk exposures, the company does not currently have any cash flow hedges for transactions forecasted to take place in periods subsequent to 2004.

At Dec. 31, 2002 and 2001, TECO Energy had transactions in place to hedge gas storage inventory that qualify for fair value hedge accounting treatment under FAS 133. During 2002, the company recognized pretax gains of $0.7 million compared to $0.1 million in 2001. For the years ended Dec. 31, 2002 and 2001, the company also recognized pretax losses of $2.4 million and $1.5 million, respectively, relating to derivatives that do not qualify for cash flow or fair value hedge treatment that are marked to market.

C. Goodwill and Other Intangible Assets

Effective Jan. 1, 2002, TECO Energy and its subsidiaries adopted FAS 141, *Business Combinations*, and FAS 142, *Goodwill and Other Intangible Assets*. FAS 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. With the adoption of FAS 142, goodwill is no longer subject to amortization. Rather, goodwill is subject to an annual assessment for impairment by applying a fair-value-based test. Under the new rules, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquiror's intent to do so. These intangible assets are required to be amortized over their useful lives.

The amount of goodwill included on the consolidated balance sheets at Dec. 31, 2002 and 2001 was $193.7 million and $165.8 million, respectively, net of accumulated amortization of $9.5 million. Amortization of goodwill ceased effective Jan. 1, 2002 with the adoption of FAS 142, resulting in savings of approximately $5 million of annual amortization expense. Results for 2001 and 2000 included $4.8 million and $2.7 million of goodwill amortization expense, respectively.

The amount of intangible assets included in deferred charges and other assets on the Consolidated Balance Sheet at Dec. 31, 2002 was $11.1 million, which is net of accumulated amortization of $35.4 million, and at Dec. 31, 2001 was $28.5 million, which was net of accumulated amortization of $12.3 million. Amortizable intangible assets of $4.4 million at Dec. 31, 2002 represent customer backlog and supply agreements related to the Prior Energy acquisition in November 2001. The company is amortizing these intangibles over the current year period. Amortization expense of $23.1 million and $12.3 million, respectively, was recorded in 2002 and 2001. There were no intangible assets at Dec. 31, 2000. Unamortizable intangible assets of $6.7 million at Dec. 31, 2002 represent licenses held by TPS related to gasification technologies.

TECO Energy continues to review recorded goodwill and intangibles as required under FAS 142, and has not identified any impairments. The reconciliation of reported net income and earnings per share to adjusted net income excluding goodwill amortization expense for 2002, 2001 and 2000 follows:

Pro Forma Effect of FAS 142 Adoption

(millions, except per share amounts)	*2002*	*2001*	*2000*
Net income:			
As reported	$ 330.1	$ 303.7	$ 250.9
Add: Goodwill amortized, net of tax	—	3.7	2.4
Adjusted net income	$ 330.1	$ 307.4	$ 253.3
Earnings per share – basic:			
As reported	$ 2.15	$ 2.26	$ 1.99
Add: Goodwill amortized, net of tax	—	.03	.02
Adjusted basic earnings per share	$ 2.15	$ 2.29	$ 2.01
Earnings per share – diluted:			
As reported	$ 2.15	$ 2.24	$ 1.97
Add: Goodwill amortized, net of tax	—	.03	.02
Adjusted diluted earnings per share	$ 2.15	$ 2.27	$ 1.99

D. Regulatory Assets and Liabilities

Tampa Electric and PGS maintain their accounts in accordance with recognized policies of the FPSC. In addition, Tampa Electric maintains its accounts in accordance with recognized policies prescribed or permitted by the FERC. These policies conform with generally accepted accounting principles in all material respects.

Tampa Electric and PGS apply the accounting treatment permitted by FAS 71, *Accounting for the Effects of Certain Types of Regulation*. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel; purchased power, conservation and environmental costs; and deferral of costs as regulatory assets when cost recovery is ordered over a period longer than a fiscal year, to the period that the regulatory agency recognizes them. Details of the regulatory assets and liabilities as of Dec. 31, 2002 and 2001 are presented in the following table:

Regulatory Assets and Liabilities

(millions) Dec. 31,	*2002*	*2001*
Regulatory assets:		
Regulatory tax asset (1)	$ 54.9	$ 41.3
Other:		
Cost recovery clauses	34.7	105.2
Coal contract buy-out (2)	5.4	8.1
Unamortized refinancing costs (3)	35.9	13.7
Environmental remediation	20.3	22.3
Competitive rate adjustment	7.4	5.9
Other	4.6	1.8
	108.3	157.0
Total regulatory assets	$ 163.2	$ 198.3
Regulatory liabilities:		
Regulatory tax liability (1)	$ 36.6	$ 43.1
Other:		
Deferred allowance auction credits	2.1	1.1
Cost recovery clauses	2.2	0.5
Revenue refund	—	6.3
Environmental remediation	20.3	22.3
Transmission and distribution storm reserve	36.0	32.0
Deferred gain on property sales (4)	0.9	0.9
	61.5	63.1
Total regulatory liabilities	$ 98.1	$ 106.2

(1) Related primarily to plant life. Includes excess deferred taxes of $20.9 million and $24.6 million as of Dec. 31, 2002 and 2001, respectively.

(2) Amortized over a 10-year period ending December 2004.

(3) Unamortized refinancing costs:

Related to debt transactions as follows (millions):	Amortized until:
$ 155.0	2003
$ 51.6	2005
$ 22.1	2007
$ 25.0	2011
$ 50.0	2011
$ 150.0	2012
$ 150.0	2012
$ 85.9	2014
$ 25.0	2021
$ 100.0	2022

(4) Amortized over a 5-year period with various ending dates.

E. Long-Term Debt *(millions)* *Dec. 31,*	*Due*	*2002*	*2001*
TECO Energy			
Notes: 5.31% for 2001 (1)	2002	$ —	$ 200.0
Notes: 7.2% (effective rate of 7.38%) (2)	2011	600.0	600.0
Floating rate notes: 5.2% for 2001 (1)	2002	—	400.0
Notes: 6.125% (effective rate of 6.31%) (2)	2007	300.0	—
Notes: 7% (effective rate of 7.08%) (2)	2012	400.0	—
Notes: 10.5% (effective rate of 12.29%) (2)	2007	380.0	—
		1,680.0	1,200.0

E. Long-Term Debt-continued *(millions) Dec. 31,*	*Due*	*2002*	*2001*
Tampa Electric			
First mortgage bonds (issuable in series):			
7.75% (effective rate of 7.96%)	2022	75.0	75.0
6.125% (effective rate of 6.61%)	2003	75.0	75.0
Installment contracts payable (3):			
5.75%	2002	—	22.5
7.875% Refunding bonds (4)	2002	—	25.0
8% Refunding bonds(4)	2002	—	100.0
6.25% Refunding bonds (effective rate of 6.81%) (5)	2034	86.0	86.0
5.85% (effective rate of 5.88%)	2030	75.0	75.0
5.1% Refunding bonds (effective rate of 5.78%) (6)	2013	60.7	—
5.5% Refunding bonds (effective rate of 6.35%) (6)	2023	86.4	—
4% for 2002 (effective rate of 4.21%) and variable rate of 1.45% for 2001 (1) (7)	2025	51.6	51.6
4% for 2002 (effective rate of 4.16%) and variable rate of 1.47% for 2001 (1) (7)	2018	54.2	54.2
4.25% for 2002 (effective rate of 4.43%) and variable rate of 1.52% for 2001 (1) (7)	2020	20.0	20.0
Notes: 5.86% (1)	2002	—	100.0
Notes: 6.875% (effective rate of 6.98%) (2)	2012	210.0	210.0
Notes: 6.375% (effective rate of 7.34%) (2)	2012	330.0	—
Notes: 5.375% (effective rate of 5.58%) (2)	2007	125.0	—
		1,248.9	894.3
Peoples Gas System			
Senior Notes (8)			
10.35%	2007	4.2	5.0
10.33%	2008	5.6	6.4
10.3%	2009	7.2	7.8
9.93%	2010	7.4	8.0
8%	2012	25.4	27.5
Notes: 5.86% (1)	2002	—	50.0
Notes: 6.875% (effective rate of 6.98%) (2)	2012	40.0	40.0
Notes: 6.375% (effective rate of 7.34%) (2)	2012	70.0	—
Notes: 5.375% (effective rate of 5.58%) (2)	2007	25.0	—
		184.8	144.7
Diversified companies			
Dock and wharf bonds, 5% (3)	2007	110.6	110.6
Non-recourse secured facility notes, Series A: 7.8%	2003-2012	111.0	118.5
Non-recourse secured facility notes: 9.875%	2002	—	17.1
Non-recourse secured facility notes, variable rate: 4.63% for 2002 and 5.43% for 2001 (1)	2003-2007	50.1	57.9
Non-recourse secured facility notes: 10.1%	2003-2009	16.4	16.9
Non-recourse secured facility notes: 9.629%	2003-2010	24.8	28.0
Non-recourse secured facility note, variable rate: 6.88% for 2002 (1)	2004-2009	16.0	—
Non-recourse secured facility note, variable rate: 5% for 2002 (1)	2004-2009	14.0	—
Capital lease: implicit rate of 8.5%	2003	25.3	27.6
		368.2	376.6
TECO Finance			
Medium-term notes payable: 7.54% for 2001 (1)	2002	—	9.0
Unamortized debt premium (discount), net		(30.5)	6.7
		3,451.4	2,631.3
Less amount due within one year (9)		127.1	788.8
Total long-term debt		$ 3,324.3	$1,842.5

(1) Composite year-end interest rate.
(2) These notes are subject to redemption in whole or in part, at any time, at the option of the company.
(3) Tax-exempt securities.
(4) Proceeds of these bonds were used to refund bonds with interest rates of 11.625%–12.625%. 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.
(5) 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.
(6) Proceeds of these bonds were used to refund bonds with interest rates of 5.75%–8%.
(7) The interest rate on these bonds was fixed for a five-year term on Aug. 5, 2002.
(8) 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.
(9) Of the amount due in 2003, $0.8 million may be satisfied by the substitution of property in lieu of cash payments.

TECO Transport entered into a capital lease agreement with Midwest Marine Management Company in March 1998 for the charter of additional capacity. This lease covers 110 river barges and three towboats, classified as property, plant and equipment on the balance sheet; the corresponding $35 million five-year lease commitment was recorded as long-term debt on the balance sheet. The future minimum lease payments under the capitalized lease as of Dec. 31, 2002 are $25.8 million. This represents $25.3 million present value of net minimum lease payments and $0.5 million of interest, all due in 2003.

Substantially all of the property, plant and equipment of Tampa Electric is pledged as collateral to secure its first mortgage bonds and certain pollution control equipment is pledged to secure certain installment contracts payable. TECO Energy's maturities and annual sinking fund requirements of long-term debt for the years 2004, 2005, 2006 and 2007 are $31.9 million, $35.7 million, $38.0 million and $975.2 million, respectively. Of these amounts $0.8 million per year for 2004 through 2007 may be satisfied by the substitution of property in lieu of cash payments.

At Dec. 31, 2002, total long-term debt had a carrying amount of $3,324.3 million and an estimated fair market value of $3,288.7 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.

F. Short-Term Debt

At Dec. 31, 2002 and 2001, notes payable consisted of the following:

Notes Payable

(millions) Dec. 31,	*2002*	*2001*
Credit facilities outstanding	$ 350.0	$ —
Commercial paper	10.5	638.9
Total notes payable	$ 360.5	$ 638.9

The weighted average interest rate on outstanding notes payable at Dec. 31, 2002 and 2001 was 1.88% and 1.99%, respectively.

At Dec. 31, 2002 and 2001, the following credit facilities and related borrowings existed:

Credit Facilities

(millions)	Dec. 31, 2002 Credit Facilities	Dec. 31, 2002 Borrowings Outstanding	Dec. 31, 2002 Letters of Credit Outstanding	Dec. 31, 2001 Credit Facilities	Dec. 31, 2001 Borrowings Outstanding	Dec. 31, 2001 Letters of Credit Outstanding
Tampa Electric						
1-year facility	$ 300.0	$ —	$ —	$ 300.0	$ —	$ —
TECO Energy						
1-year facility	350.0	350.0	—	350.0	—	—
TECO Energy						
3-year facility	350.0	—	179.8	350.0	—	—
Totals	$ 1,000.0	$ 350.0	$ 179.8	$ 1,000.0	$ —	$ —

Tampa Electric's credit facility has a maturity date of November 2003. TECO Energy's one-year facility also matures in November 2003 and its 3-year facility matures in November 2004. These credit facilities require facility fees ranging from 15 to 20 basis points. Within its 3-year facility, TECO Energy has $250 million of capacity to issue letters of credit. These letters of credit require issuance fees of 12.5 basis points and lenders fees of 55 basis points.

In order to utilize the credit facilities, TECO Energy's debt-to-capital ratio, as defined in the credit agreement, may not exceed 65.0% at the end of the applicable quarter. At Dec. 31, 2002, TECO Energy's debt-to-capital ratio was 55.9%. Under Tampa Electric's credit facility, Tampa Electric's debt-to-capital ratio may not exceed 60.0% measured at the end of the applicable quarter and its earnings before interest, taxes, depreciation and amortization (EBITDA) to interest coverage ratio must be at least 2.5 times. At Dec. 31, 2002, Tampa Electric's debt-to-capital ratio was 43.9% and its EBITDA to interest coverage ratio was 7.8 times. (See **Note R.**)

G. Preferred Securities

In November 2000, TECO Energy established TECO Capital Trust I (the Trust) for the sole purpose of issuing Trust Preferred Securities (TRuPS) and using the proceeds to purchase company preferred securities from TECO Funding Company I, LLC (TECO Funding). On Dec. 20, 2000, the Trust issued 8 million shares of $25 par, 8.5% TRuPS, due 2041, with an aggregate liquidation value of $200 million. Currently, all 8 million shares of the TRuPS are outstanding. Each TRuPS represents an undivided beneficial interest in the assets of the Trust. The Trust used the proceeds from the sale of the TRuPS to purchase a corresponding amount of company preferred securities of TECO Funding. TECO Funding used the proceeds from the sale of the company preferred securities to the Trust of $200 million and the sale of $6.2 million of its common securities to TECO Energy, to purchase $206.2 million of 8.5% junior subordinated notes of TECO Energy, due 2041. The junior subordinated notes are the sole assets of TECO Funding and the company preferred securities are the sole assets of the Trust. TECO Energy's proceeds from the sale of the junior subordinated notes were used to reduce the commercial paper balances of TECO Finance and for general corporate purposes. TECO Energy has guaranteed the payments to the holders of the company preferred securities and indirectly, the payments to the holders of the TRuPS, as a result of their beneficial interest in the company preferred securities. Distributions are payable quarterly in arrears on January 31, April 30, July 31, and October 31 of each year. Distributions were $17.0 million and $14.6 million in 2002 and 2001, respectively. No distributions were made in 2000.

The junior subordinated notes may be redeemed at the option of TECO Energy at any time on or after Dec. 20, 2005 at 100% of their principal amount plus accrued interest through the redemption date. If TECO Energy redeems the junior subordinated notes in full before their maturity date, then TECO Funding is required to redeem the company preferred securities and common securities, in accordance with their terms. If TECO Energy redeems the junior subordinated notes in part but not in full before their maturity date, then TECO Funding will redeem the company preferred securities in full prior to any payment being made on the common securities. Upon any liquidation of the company preferred securities, holders of the TRuPS would be entitled to the liquidation preference of $25 per share plus all accrued and unpaid dividends through the date of redemption.

In January 2002, TECO Energy sold 17.965 million mandatorily convertible equity security units in the form of 9.5% equity units at $25 per unit resulting in $436 million of net proceeds. Each equity unit consisted of $25 in principal amount of a trust preferred security of TECO Capital Trust II, a Delaware business trust formed for the purpose of issuing these securities, with a stated liquidation amount of $25 and a contract to purchase shares of common stock of TECO Energy in January 2005 at a price per share of between $26.29 and $30.10 based on the market price at that time. The equity units represent an indirect interest in a corresponding amount of TECO Energy 5.11% subordinated debt. The holders of these contracts are entitled to quarterly contract adjustment payments at the annualized rate of 4.39% of the stated amount of $25 per year through and including Jan. 15, 2005. The net proceeds from the offering were used to repay short-term debt and for general corporate purposes.

H. Preferred Stock

Preferred stock of TECO Energy – $1 par 10 million shares authorized, none outstanding.
Preference stock of Tampa Electric – no par 2.5 million shares authorized, none outstanding.
Preferred stock of Tampa Electric – no par 2.5 million shares authorized, none outstanding.
Preferred stock of Tampa Electric – $100 par value 1.5 million shares authorized, none outstanding.

I. Common Stock

Stock-Based Compensation

In April 1996, the shareholders approved the 1996 Equity Incentive Plan (the "1996 Plan"). The 1996 Plan superseded the 1990 Equity Incentive Plan (the "1990 Plan"), and no additional grants will be made under the 1990 Plan. The rights of the holders of outstanding options under the 1990 Plan were not affected. The purpose of the 1996 Plan is to attract and retain key employees of the company, to provide an incentive for them to achieve long-range performance goals and to enable them to participate in the long-term growth of the company. The 1996 Plan amended the 1990 Plan to increase the number of shares of common stock subject to grants by 3,750,000 shares, expand the types of awards available to be granted and specify a limit on the maximum number of shares with respect to which stock options and stock appreciation rights may be made to any participant under the plan. Under the 1996 Plan, the Compensation Committee of the Board of Directors may award stock grants, stock options and/or stock equivalents to officers and key employees of TECO Energy and its subsidiaries.

The Compensation Committee has discretion to determine the terms and conditions of each award, which may be subject to conditions relating to continued employment, restrictions on transfer or performance criteria.

In 2002, under the 1996 Plan, 1,769,880 stock options were granted, with a weighted average option price of $27.97 and a maximum term of 10 years. In addition, 255,242 shares of restricted stock were awarded, each with a weighted average fair value of $27.97. Compensation expense recognized for stock grants awarded under the 1996 Plan was $1.7 million, $2.8 million and $4.6 million in 2002, 2001 and 2000, respectively. Half the stock grants awarded in 2002 and all of the stock grants awarded in 2001 and 2000 are performance shares, restricted subject to meeting specified total shareholder return goals, vesting in three years with final payout ranging from zero to 200% of the original grant. Adjustments are made to reflect contingent shares which could be issuable based on current period results. The consolidated balance sheets at Dec. 31, 2002 and 2001 reflected a ($6.3) million and a $1.1 million liability respectively, classified as other deferred credits, for these contingent shares. The remaining stock grants are restricted subject generally to continued employment, with the 2002 stock grants vesting in three years, the 1998 stock grants vesting in five years, and the 1997 and 1996 stock grants vesting at normal retirement age.

In April 2001, the shareholders approved an amendment to the 1996 Plan to increase the number of shares of common stock subject to grants by 6.3 million.

Stock option transactions during the last three years under the 1996 Plan and the 1990 Plan (collectively referred to as the "Equity Plans") are summarized as follows:

Stock Options - Equity Plans

	Option Shares (thousands)	*Weighted Avg. Option Price*
Balance at Dec. 31, 1999	3,827	$ 22.64
Granted	1,264	$ 21.33
Exercised	(488)	$ 20.15
Cancelled	(44)	$ 23.61
Balance at Dec. 31, 2000	4,559	$ 22.54
Granted	1,268	$ 31.39
Exercised	(605)	$ 21.53
Cancelled	(32)	$ 26.88
Balance at Dec. 31, 2001	5,190	$ 24.79
Granted	1,770	$ 27.97
Exercised	(487)	$ 20.93
Cancelled	(57)	$ 27.03
Balance at Dec. 31, 2002	6,416	$ 25.94
Exercisable at Dec. 31, 2002	0	—
Available for future grant at Dec. 31, 2002	4,288	

As of Dec. 31, 2002, the 6.4 million options outstanding under the Equity Plans are summarized below.

Stock Options Outstanding at Dec. 31, 2002

Option Shares (thousands)	*Range of Option Prices*	*Weighted Avg. Option Price*	*Weighted Avg. Remaining Contractual Life*
2,099	$19.44-$22.48	$21.16	6 Years
705	$23.55-$25.97	$24.07	4 Years
3,612	$27.56-$31.58	$29.08	8 Years

In April 1997, the Shareholders approved the 1997 Director Equity Plan (the "1997 Plan"), as an amendment and restatement of the 1991 Director Stock Option Plan (the "1991 Plan"). The 1997 Plan supersedes the 1991 Plan, and no additional grants will be made under the 1991 Plan. The rights of the holders of outstanding options under the 1991 Plan will not be affected. The purpose of the 1997 Plan is to attract and retain highly qualified non-employee directors of the company and to encourage them to own shares of TECO Energy common stock. The 1997 Plan is administered by the Board of Directors. The 1997 Plan amended the 1991 Plan to increase the number of shares of common stock subject to grants by 250,000 shares, expanded the types of awards available to be granted and replaced the current fixed formula grant by giving the Board discretionary authority to determine the amount and timing of awards under the Plan.

In 2002, 27,500 options were granted, with a weighted average option price of $27.97. Transactions during the last three years under the 1997 Plan are summarized as follows:

Stock Options - Director Equity Plans

	Option Shares (thousands)	*Weighted Avg. Option Price*
Balance at Dec. 31, 1999	273	$21.25
Granted	30	$23.49
Exercised	(33)	$18.57
Cancelled	(12)	$25.15
Balance at Dec. 31, 2000	258	$21.68
Granted	35	$31.26
Exercised	(91)	$19.12
Cancelled	—	—
Balance at Dec. 31, 2001	202	$24.49
Granted	28	$27.97
Exercised	(22)	$20.95
Cancelled	(2)	$27.56
Balance at Dec. 31, 2002	206	$25.31
Exercisable at Dec. 31, 2002	0	—
Available for future grant at Dec. 31, 2002	270	

As of Dec. 31, 2002, the 206,000 options outstanding under the 1997 Plan with option prices of $19.81-$31.575, had a weighted average option price of $25.31 and a weighted average remaining contractual life of six years.

TECO Energy has adopted the disclosure-only provisions of FAS 123, *Accounting for Stock-Based Compensation*, but applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. Therefore, since stock options are granted with an option price greater than or equal to the fair value on date of grant, no compensation expense has been recognized for stock options granted under the 1996 Plan and the 1997 Plan. If the company had elected to recognize compensation expense for stock options based on the fair value at grant date, consistent with the method prescribed by FAS 123, net income and earnings per share would have been reduced to the pro forma amounts as follows. These pro forma amounts were determined using the Black-Scholes valuation model with weighted average assumptions as follows.

Pro Forma Disclosure — Stock Options

	2002	2001	2000
Net income from continuing operations (millions)			
As reported	$ 298.2	$ 273.8	$ 227.5
Pro forma expense(1)	5.1	4.3	2.6
Pro forma	$ 293.1	$ 269.5	$ 224.9
Net income (millions)			
As reported	$ 330.1	$ 303.7	$ 250.9
Pro forma expense(1)	5.1	4.3	2.6
Pro forma	$ 325.0	$ 299.4	$ 248.3
Net income from continuing operations– EPS basic			
As reported	$ 1.95	$ 2.04	$ 1.81
Pro forma	$ 1.91	$ 2.00	$ 1.79
Net income – EPS basic			
As reported	$ 2.15	$ 2.26	$ 1.99
Pro forma	$ 2.12	$ 2.23	$ 1.97
Assumptions			
Risk-free interest rate	5.09%	4.86%	6.24%
Expected lives (in years)	6	6	6
Expected stock volatility	25.92%	27.45%	22.93%
Dividend yield	5.47%	5.46%	5.15%

(1) Compensation expense for stock options determined under fair-value based method, after-tax.

Dividend Reinvestment Plan

In 1992, TECO Energy implemented a Dividend Reinvestment and Common Stock Purchase Plan (DRP). TECO Energy raised $11.2 million, $8.6 million and $8.1 million of common equity from this plan in 2002, 2001 and 2000, respectively.

Common Stock and Treasury Stock

In September 1999, TECO Energy began a program to repurchase up to $150 million of its outstanding common stock. Shares acquired constituted treasury shares. In 1999 and 2000, the company acquired 7.0 million shares of its outstanding common stock at a cost of $144.7 million, or an average per share price of $20.55. The company's share repurchase program favorably impacted earnings in 2000 by approximately $0.06 per share.

On Mar. 12, 2001, the company completed a public offering of 8.625 million common shares at $27.75 per share, 7.0 million shares of which were reissued from treasury shares.

On Oct. 4, 2001, S&P announced the inclusion of TECO Energy shares in the S&P 500 Index effective as of the market close on Oct. 9, 2001. On Oct. 12, 2001, TECO Energy issued 3.5 million additional common shares at $26.72 per share. The sales of the common shares resulted in total net proceeds to TECO Energy of $325.5 million in 2001, which were used to fund capital expenditures, for working capital requirements, general corporate purposes and to repay short-term debt.

In June 2002, the company completed a public offering of 15.525 million common shares at a price to the public of $23.00 per share. The sale of these shares resulted in net proceeds to the company of approximately $346.4 million, which were used to repay short-term debt and for general corporate purposes. In October 2002, the company issued 19.385 million common shares at a price to the public of $11.00 per share. The sale of these shares resulted in net proceeds to the company of approximately $206.8 million, which were used to repay short-term debt.

Shareholder Rights Plan

In accordance with the company's Shareholder Rights Plan, a Right to purchase one additional share of the company's common stock at a price of $90 per share is attached to each outstanding share of the company's common stock. The Rights expire in May 2009, subject to extension. The Rights will become exercisable 10 business days after a person acquires 10 percent or more of the company's outstanding common stock or commences a tender offer that would result in such person owning 10 percent or more of such stock. If any person acquires 10 percent or more of the outstanding common stock, the rights of holders, other than the acquiring person, become rights to buy shares of common stock of the company (or of the acquiring company if the company is involved in a merger or other business combination and is not the surviving corporation) having a market value of twice the exercise price of each Right.

The company may redeem the Rights at a nominal price per Right until 10 business days after a person acquires 10 percent or more of the outstanding common stock.

Employee Stock Ownership Plan

Effective Jan. 1, 1990, TECO Energy amended the TECO Energy Group Retirement Savings Plan, a tax-qualified benefit plan available to substantially all employees, to include an employee stock ownership plan (ESOP). During 1990, the ESOP purchased 7 million shares of TECO Energy common stock on the open market for $100 million. The share purchase was financed through a loan from TECO Energy to the ESOP. This loan is at a fixed interest rate of 9.3% and will be repaid from dividends on ESOP shares and from TECO Energy's contributions to the ESOP.

TECO Energy's contributions to the ESOP were $13.6 million, $5.6 million and $6.8 million in 2002, 2001 and 2000, respectively. TECO Energy's annual contribution equals the interest accrued on the loan during the year plus additional principal payments needed to meet the matching allocation requirements under the plan, less dividends received on the ESOP shares. The components of net ESOP expense recognized for the past three years are as follows:

ESOP Expense

(millions)	*2002*	*2001*	*2000*
Interest expense	$ 4.3	$ 5.2	$ 6.0
Compensation expense	12.2	7.4	6.9
Dividends	(8.5)	(8.5)	(8.5)
Net ESOP expense	$ 8.0	$ 4.1	$ 4.4

Compensation expense was determined by the shares allocated method.

At Dec. 31, 2002, the ESOP had 4.0 million allocated shares, 0.3 million committed-to-be-released shares, and 1.7 million unallocated shares. Shares are released to provide employees with the company match in accordance with the terms of the TECO Energy Group Retirement Savings Plan and in lieu of dividends on allocated ESOP shares. The dividends received by the ESOP are used to pay debt service on the loan between TECO Energy and the ESOP.

For financial statement purposes, the unallocated shares of TECO Energy stock are reflected as a reduction of common equity, classified as unearned compensation. Dividends on all ESOP shares are recorded as a reduction of retained earnings, as are dividends on all TECO Energy common stock. The tax benefit related to the dividends paid to the ESOP for allocated shares is a reduction of income tax expense and for unallocated shares is an increase in retained earnings. All ESOP shares are considered outstanding for earnings per share computations.

J. Comprehensive Income

FAS 130, *Reporting Comprehensive Income*, requires that comprehensive income, which includes net income as well as certain changes in assets and liabilities recorded in common equity, be reported in the financial statements. TECO Energy reported the following comprehensive income (loss) in 2002, 2001 and 2000 related to changes in the fair value of cash flow hedges, foreign currency adjustments and adjustments to the minimum pension liability associated with the company's supplemental executive retirement plan:

Comprehensive Income (loss)

(millions)	*Gross*	*Tax*	*Net*
2002			
Unrealized (loss) gain on cash flow hedges	$ (8.7)	$ (4.0)	$ (4.7)
Less: Loss (gain) reclassified to net income	29.0	11.4	17.6
Gain (loss) on cash flow hedges	20.3	7.4	12.9
Portion of equity investee's loss on cash flow hedges	(42.5)	(16.4)	(26.1)
Foreign currency adjustments	(1.2)	—	(1.2)
Pension adjustments	(7.2)	(2.8)	(4.4)
Total other comprehensive income (loss)	$ (30.6)	$ (11.8)	$ (18.8)
2001			
Initial adoption of FAS 133	$ (19.0)	$ (7.3)	$ (11.7)
Unrealized (loss) gain on cash flow hedges	(13.9)	(5.5)	(8.4)
Less: Loss (gain) reclassified to net income	19.7	7.6	12.1
Gain (loss) on cash flow hedges	(13.2)	(5.2)	(8.0)
Portion of equity investee's loss on cash flow hedges	(18.2)	(7.0)	(11.2)
Pension adjustments	0.5	0.2	0.3
Total other comprehensive income (loss)	$ (30.9)	$ (12.0)	$ (18.9)
2000			
Pension adjustments	$ 3.3	$ 1.3	$ 2.0
Total other comprehensive income (loss)	$ 3.3	$ 1.3	$ 2.0

K. Employee Postretirement Benefits

Pension Benefits

TECO Energy has a non-contributory defined benefit retirement plan which covers substantially all employees. Benefits are based on employees' age, years of service and final average earnings. On April 1, 2000, the plan was amended to provide for benefits to be earned and payable substantially on a lump sum basis through an age and service credit schedule for eligible participants leaving the company on or after July 1, 2001. Other significant provisions of the plan, such as eligibility, definitions of credited service, final average earnings, etc., were largely unchanged. This amendment resulted in decreased pension expense of approximately $0.8 million and $2.0 million in 2001 and 2000, respectively, and a reduction of benefit obligation of $6.2 million and $14.4 million at Sept. 30, 2001 and Dec. 31, 2000, respectively.

The company'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 53 percent of plan assets were invested in common stock and 47 percent in fixed income investments at Sept. 30, 2002.

Amounts shown also include the unfunded obligations for the supplemental executive retirement plans, non-qualified, non-contributory defined benefit retirement plans available to certain senior management. TECO Energy reported other comprehensive loss of $4.4 million in 2002 and other comprehensive income of $0.3 million and $2.0 million in 2001 and 2000, respectively, related to adjustments to the minimum pension liability associated with the supplemental executive retirement plans.

In 2001, TECO Energy elected to change the measurement date for pension obligations and plan assets from Dec. 31 to Sept. 30. The effect of this accounting change was not material.

Other Postretirement Benefits

TECO Energy and its subsidiaries currently provide certain postretirement health care and life insurance benefits for substantially all employees retiring after age 50 meeting certain service requirements. The company contribution toward health care coverage for most employees who retired after the age of 55 between Jan. 1, 1990 and June 30, 2001, is limited to a defined dollar benefit based on years of service. On April 1, 2000, the company adopted changes to this program for participants retiring from the company on or after July 1, 2001. The company contribution toward pre-65 and post-65 health care coverage for most employees retiring on or after July 1, 2001, is limited to a defined dollar benefit based on an age and service schedule. The impact of this amendment, including a change in the company's commitment for future retirees combined with a grandfathering provision for current retired participants, resulted in a reduction in the benefit obligation of $1.4 million in 2001. Postretirement benefit levels are substantially unrelated to salary. The company reserves the right to terminate or modify the plans in whole or in part at any time.

In 2001, TECO Energy elected to change the measurement date for benefit obligations from Dec. 31 to Sept. 30. The effect of this accounting change was not material.

The following charts summarize the income statement and balance sheet impact, as well as the benefit obligations, assets, funded status and rate assumptions associated with the pension and other postretirement benefits.

Benefit Expense

	Pension Benefits			*Other Postretirement Benefits*		
(millions)	*2002*	*2001*	*2000*	*2002*	*2001*	*2000*
Components of net periodic benefit expense						
Service cost (benefits earned during the period)	$ 11.8	$ 11.2	$ 10.7	$ 3.5	$ 3.4	$ 3.0
Interest cost on projected benefit obligations	28.7	27.9	27.5	11.2	10.9	8.9
Expected return on assets	(42.9)	(42.0)	(40.8)	—	—	—
Amortization of:						
Transition obligation (asset)	(1.1)	(1.1)	(1.0)	2.7	2.7	2.7
Prior service cost (benefit)	(0.5)	(0.5)	0.2	1.9	2.0	1.7
Actuarial (gain) loss	(3.7)	(4.4)	(5.6)	0.1	0.4	(0.2)
Pension expense (benefit)	(7.7)	(8.9)	(9.0)	19.4	19.4	16.1
Special termination benefit charge	2.7	—	1.1	0.6	—	0.2
Additional amounts recognized	—	—	—	—	—	0.9
Net pension expense (benefit) recognized in the Consolidated Statements of Income	$ (5.0)	$ (8.9)	$ (7.9)	$ 20.0	$ 19.4	$ 17.2

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for non-qualified pension plans with accumulated benefit obligations in excess of plan assets were $41.3 million, $32.8 million and $0, respectively, as of Sept. 30, 2002 and $27.3 million, $23.5 million and $0, respectively, as of Sept. 30, 2001.

Employee Postretirement Benefits

(millions)	*Pension Benefits* 2002	2001	*Other Postretirement Benefits* 2002	2001
Change in benefit obligation				
Net benefit obligation at prior measurement date	$ 382.3	$ 379.9	$ 150.2	$ 130.8
Service cost	11.8	11.2	3.5	3.4
Interest cost	28.7	27.9	11.2	10.9
Plan participants' contributions	—	—	1.0	0.9
Actuarial (gain) loss	58.3	(8.7)	25.6	11.6
Plan amendments	1.1	(6.2)	—	(1.4)
Special termination benefits	2.7	—	0.6	—
Gross benefits paid	(29.8)	(21.8)	(7.5)	(6.0)
Net benefit obligation at measurement date	$ 455.1	$ 382.3	$ 184.6	$ 150.2
Change in plan assets				
Fair value of plan assets at prior measurement date	$ 428.0	$ 493.8	$ —	$ —
Actual return on plan assets	(24.9)	(43.7)	—	—
Employer contributions	1.7	2.1	6.5	5.1
Plan participants' contributions	—	—	1.0	0.9
Gross benefits paid (including expenses)	(32.9)	(24.2)	(7.5)	(6.0)
Fair value of plan assets at measurement date	$ 371.9	$ 428.0	$ —	$ —
Funded status				
Funded status at measurement date	$ (83.2)	$ 45.7	$ (184.6)	$ (150.2)
Net contributions after measurement date	0.4	0.4	1.9	1.7
Unrecognized net actuarial (gain) loss	88.9	(44.0)	42.4	16.9
Unrecognized prior service cost (benefit)	(7.4)	(9.0)	22.4	24.3
Unrecognized net transition obligation (asset)	(2.5)	(3.6)	27.4	30.1
Accrued liability at end of year	$ (3.8)	$ (10.5)	$ (90.5)	$ (77.2)
Amounts recognized in the statement of financial position				
Prepaid benefit cost	$ 14.7	$ 6.3	$ —	$ —
Accrued benefit cost	(18.5)	(16.8)	(90.5)	(77.2)
Additional minimum liability	(13.8)	(6.2)	—	—
Intangible asset	1.5	1.1	—	—
Accumulated other comprehensive income	12.3	5.1	—	—
Net amount recognized at end of year	$ (3.8)	$ (10.5)	$ (90.5)	$ (77.2)
Assumptions used in determining actuarial valuations				
Discount rate to determine projected benefit obligation	6.75%	7.5%	6.75%	7.5%
Rate of increase in compensation levels	4.8%	4.7%		
Plan asset growth rate through time	9.0%	9.0%		

The assumed health care cost trend rate for medical costs was 12.5% in 2002 and decreases to 5.0% in 2013 and thereafter.

A 100 basis point increase in the medical trend rates would produce a 7 percent ($1.1 million) increase in the aggregate service and interest cost for 2002 and a 5 percent ($9.5 million) increase in the accumulated postretirement benefit obligation as of Sept. 30, 2002.

A 100 basis point decrease in the medical trend rates would produce a 3 percent ($0.5 million) decrease in the aggregate service and interest cost for 2002 and a 3 percent ($5.0 million) decrease in the accumulated postretirement benefit obligation as of Sept. 30, 2002.

L. Other Non-Operating Items Affecting Net Income

2002

In 2002, TECO Energy recorded $8.8 million of after-tax charges ($14.1 million pretax) to adjust asset valuations. The adjustments included a $5.8 million after-tax charge ($9.2 million pretax) related to the proposed sale of TPS' investment in the ECKG project, and a $3.0 million after-tax charge ($4.9 million pretax) at TECO Investments related to an aircraft leased to US Airways, which has filed for bankruptcy.

In November 2002, the proceeds from the issuance of TECO Energy notes were used, in part, to pay the $34.1 million option premium associated with the refinancing of $200 million of notes. The $34.1 million option premium ($20.9 million after-tax) was recognized as a charge in 2002.

2001

In the first quarter of 2001, TECO Energy recorded $7.2 million of after-tax charges ($11.1 million pretax) to adjust asset valuations. The adjustments included a $6.1 million after-tax charge ($9.3 million pretax) related to the sale of TPS' minority interests in Energía Global International, Ltd. (EGI) which owned smaller power generation projects in Central America, and a $1.1 million after-tax charge ($1.8 million pretax) to adjust the carrying value of leveraged leases at TECO Investments.

2000

In 2000, TECO Energy's results included an $8.3 million after-tax gain from the US Propane and Heritage Propane transactions offset by after-tax charges of $5.2 million to adjust the value of leveraged leases and $3.8 million to adjust property values at TECO Properties. Because of the offsetting nature of these items, there was no significant effect on earnings in 2000.

M. Income Tax Expense

Income tax expense consists of the following components:

Income Tax Expense

(millions)	*Federal*	*State*	*Total*
2002			
Currently payable	$ 41.1	$ 14.0	$ 55.1
Deferred	(81.7)	(7.0)	(88.7)
Amortization of investment tax credits	(4.8)	—	(4.8)
Income tax benefit from continuing operations	(45.4)	7.0	(38.4)
Currently payable	—	2.0	2.0
Deferred	(7.4)	(0.4)	(7.8)
Income tax benefit from discontinued operations	(7.4)	1.6	(5.8)
Total income tax expense (benefit)	$ (52.8)	$ 8.6	$ (44.2)
2001			
Currently payable	$ 85.7	$ 18.3	$ 104.0
Deferred	(94.1)	(7.1)	(101.2)
Amortization of investment tax credits	(4.9)	—	(4.9)
Income tax benefit from continuing operations	(13.3)	11.2	(2.1)
Currently payable	(7.9)	1.6	(6.3)
Deferred	(1.4)	(0.3)	(1.7)
Income tax benefit from discontinued operations	(9.3)	1.3	(8.0)
Total income tax expense (benefit)	$ (22.6)	$ 12.5	$ (10.1)
2000			
Currently payable	$ 103.3	$ 8.4	$ 111.7
Deferred	(79.5)	2.0	(77.5)
Amortization of investment tax credits	(4.9)	—	(4.9)
Income tax expense from continuing operations	18.9	10.4	29.3
Currently payable	(10.7)	—	(10.7)
Deferred	(1.6)	1.5	(0.1)
Income tax benefit from discontinued operations	(12.3)	1.5	(10.8)
Total income tax expense (benefit)	$ 6.6	$ 11.9	$ 18.5

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:

Deferred Income Tax Assets and Liabilities

(millions) Dec. 31,	*2002*	*2001*
Deferred income tax assets (1)		
Property related	$ 86.8	$ 87.7
Basis differences in oil and gas producing properties	(0.1)	1.2
Alternative minimum tax credit carry forward	201.3	105.5
Other	52.2	47.6
Total deferred income tax assets	340.2	242.0
Deferred income tax liabilities (1)		
Property related	(565.3)	(522.8)
Basis differences in oil and gas producing properties	(13.9)	(8.9)
Other	84.2	33.0
Total deferred income tax liabilities	(495.0)	(498.7)
Accumulated deferred income taxes	$ (154.8)	$ (256.7)

(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:

Effective Income Tax Rate

(millions)	*2002*	*2001*	*2000*
Net income from continuing operations	$ 298.2	$ 273.8	$ 227.5
Total income tax provision (benefit)	(38.4)	(2.1)	29.3
Income from continuing operations before income taxes	$ 259.8	$ 271.7	$ 256.8
Income taxes on above at federal statutory rate of 35%	$ 90.9	$ 95.1	$ 89.9
Increase (Decrease) due to			
State income tax, net of federal income tax	4.6	7.3	7.5
Amortization of investment tax credits	(4.8)	(4.9)	(4.9)
Non-conventional fuels tax credit	(107.3)	(86.2)	(52.1)
Permanent reinvestment-foreign income	(8.1)	(7.2)	(9.3)
AFUDC Equity	(8.7)	(2.3)	(0.6)
Other	(5.0)	(3.9)	(1.2)
Total income tax provision from continuing operations	$ (38.4)	$ (2.1)	$ 29.3
Provision for income taxes as a percent of income from continuing operations, before income taxes	-14.8%	-0.8%	11.4%

The provision for income taxes as a percent of income from discontinued operations was -22.4%, -36.5% and -46.1%, respectively, in 2002, 2001 and 2000. The total effective income tax rate differs from the federal statutory rate due to state income tax, net of federal income tax, the non-conventional fuels tax credit and other miscellaneous items. The actual cash paid for income taxes as required by the alternative minimum tax rules in 2002, 2001, and 2000 was $71.9 million, $52.4 million and $83.9 million, respectively.

N. Related Parties

The company and its subsidiaries had certain transactions, in the ordinary course of business, with entities in which directors of the company had interests. These transactions, primarily for legal services, were not material for 2002, 2001 and 2000. No material balances were payable as of Dec. 31, 2002 or 2001.

Tampa Electric and TECO-Panda Generating Company (TPGC) II entered into an assignment and assumption agreement whereby Tampa Electric obtained TPGC II's rights and interests to four combustion turbines being purchased from General Electric, and assumed the corresponding liabilities and obligations for such equipment. In accordance with the terms of the assignment and assumption agreement, Tampa Electric paid $62.5 million to TPGC II as reimbursement for amounts already paid to General Electric by TPGC II for such equipment.

TPS recognized income on the non-TPS portion of notes receivable from unconsolidated affiliates in which TPS holds joint venture interests and from credit support for the TPGC joint venture. The notes receivable from unconsolidated affiliates are as follows:

Notes Receivable From Related Parties

(millions) Dec. 31,	*Rate*	*2002*	*2001*
Panda Energy	14.00%	$ 137.0	$ 92.7
Energeticke Centrum Kladno	6.00%	1.4	—
Mosbacher Power Partners L.P.	12.00%	—	13.1
Mosbacher Power Partners L.P.	9.00%	13.7	21.1
Mosbacher Power Partners L.P.	12.00%	—	6.2
EEGSA	6.81%(1)	11.1	10.9
TPGC - Gila River	7.79%(1)	369.5	37.5
TPGC - Union Power	6.58%(1)	426.3	86.7

(1) Current rate at Dec. 31, 2002

Other Income (Expense) included pretax income from construction-related and loan agreements with Panda Energy, and interest income of $78.9 million and $32.8 million for 2002 and 2001, respectively from the other notes receivable shown on the preceeding table.

At Dec. 31, 2002, TPS' position in the Odessa and Guadalupe power stations in Texas was in the form of a $137 million loan to a Panda Energy International subsidiary, which is a partner in Texas Independent Energy (TIE). On Jan. 3, 2003 the loan converted to an ownership interest in these projects.

TPS Arkansas Operations Company and TPS Arizona Operations Company, both wholly-owned subsidiaries of TPS, have a combined receivable from TPGC of $0.8 million as of Dec. 31, 2002.

TPS has agreed to purchase the interests of Panda Energy in the TPGC projects in 2007 for $60 million, and TECO Energy has guaranteed payment of TPS' purchase obligation. This obligation may be accelerated if Panda Energy defaults on a bank loan for which the TPS purchase obligation is collateral or if TECO Energy permits its debt-to-capital ratio to exceed 65.0%, permits its EBITDA/interest ratio to fall below 1.5 times or defaults on the payment of indebtedness in excess of $50 million. TECO Energy's debt-to-capital ratio at Dec. 31, 2002, was 55.9% and its EBITDA/interest ratio was 3.6 times (See **Note R**). Panda Energy may cancel the purchase obligation at any time prior to 2007 by paying TPS a cancellation fee that ranges from $8 million to $20 million based on the time of such cancellation.

O. Discontinued Operations

TECO Coalbed Methane, a subsidiary of TECO Energy, had developed jointly the natural gas potential in a portion of Alabama's Black Warrior Basin. In September 2002, the company announced its intent to sell the TECO Coalbed Methane gas assets. On Dec. 20. 2002, TECO Energy sold substantially all of its coalbed methane assets in Alabama to the Municipal Gas Authority of Georgia. Proceeds from the sale were $140 million, $42 million paid in cash at closing, and a $98 million note receivable, which was paid in January 2003 (See **Note U**). TECO Coalbed Methane's results were accounted for as discontinued operations for all periods reported. The gas assets are included in Property held for sale net of accumulated depreciation on the Consolidated Balance Sheets as of Dec. 31, 2001. Operating revenues from TECO Coalbed Methane were $39.7 million, $55.0 million and $43.0 million, and pretax operating income was $14.9 million, $24.3 million and $12.6 million for the years ended Dec. 31, 2002, 2001 and 2000, respectively.

TECO Coalbed Methane utilized the successful efforts method to account for its gas operations, in which expenditures for unsuccessful exploration activities were expensed currently.

Capitalized costs were amortized on the unit-of-production method using estimates of proven reserves. Investments in unproven properties and major development projects were not amortized until proven reserves associated with the projects could be determined or until impairment occurred.

Aggregate capitalized costs related to producing wells at Dec. 31, 2001 were $220.8 million. Net proven reserves at Dec. 31, 2001 were as follows:

Net Proven Reserves - Coalbed Methane Gas	
(billion cubic feet)	*2001*
Proven reserves, beginning of year	181.7
Production	(15.0)
Revisions of previous estimates	0.4
Proven reserves, end of year	167.1
Number of wells	682

P. Earnings Per Share

In 1997, the FASB issued FAS 128, Earnings per Share, which requires disclosure of basic and diluted earnings per share and a reconciliation (where different) of the numerator and denominator from basic to diluted earnings per share. The reconciliation of basic and diluted earnings per share is shown as follows:

Earnings Per Share			
(millions, except per share amounts)	*2002*	*2001*	*2000*
Numerator			
Net Income from continuing operations, basic	$ 298.2	$ 273.8	$ 227.5
Effect of contingent performance shares	—	—	(1.9)
Net Income from continuing operations, diluted	$ 298.2	$ 273.8	$ 225.6
Net Income, basic	$ 330.1	$ 303.7	$ 250.9
Effect of contingent performance shares	—	—	(1.9)
Net Income, diluted	$ 330.1	$ 303.7	$ 249.0
Denominator			
Average number of shares outstanding - basic	153.2	134.5	125.9
Plus: incremental shares for assumed conversions: Stock options at end of period and contingent performance shares	2.1	4.2	3.3
Less: Treasury shares which could be purchased	(2.0)	(3.3)	(2.9)
Average number of shares outstanding - diluted	153.3	135.4	126.3
Earnings per share from continuing operations			
Basic	$ 1.95	$ 2.04	$ 1.81
Diluted	$ 1.95	$ 2.02	$ 1.79
Earnings per share			
Basic	$ 2.15	$ 2.26	$ 1.99
Diluted	$ 2.15	$ 2.24	$ 1.97

For the year ended Dec. 31, 2002, stock options for 4.5 million shares and 14.9 million common shares issuable under the purchase contract associated with the mandatorily convertible equity units issued in January 2002 were excluded from the computation of diluted earnings per share due to their antidilutive effect. For the year ended Dec. 31, 2001, stock options for 1.2 million shares were excluded from the computation of diluted earnings per share due to their antidilutive effect.

Q. Segment Information

TECO Energy is an electric and gas utility holding company with significant diversified activities. The management of TECO Energy determined its reportable segments based on each subsidiary's contribution of revenues, net income and total assets. All significant intercompany transactions are eliminated in the consolidated financial statements of TECO Energy but are included in determining reportable segments in accordance with FAS 131, Disclosures about Segments of an Enterprise and Related Information. In December 2002, TECO Energy sold the assets of TECO Coalbed Methane. Information presented here excludes TECO Coalbed Methane's results, which are reflected in the consolidated financial statements as discontinued operations.

Segment Information

(millions)	*Revenues(1)(2)*	*Net Income (1)(3)*	*Depreciation (1)*	*Assets at Dec. 31,*	*Capital Expenditures*
2002					
Tampa Electric	$ 1,583.2 (4)	$ 171.8 (9)	$ 189.8	$ 3,737.0	$ 632.2
Peoples Gas System	318.1	24.2 (10)	30.5	571.7	53.5
TECO Power Services	309.8 (5)	34.1 (11)	28.1	2,875.0 (15)(16)	299.9
TECO Transport	254.6 (6)	21.0 (12)	22.3	355.1	25.2
TECO Coal	317.1 (7)	76.5 (13)	31.4	283.5	48.2
Other unregulated businesses	122.1 (8)	6.8 (14)	1.3	312.4 (17)(18)	3.0
	2,904.9	334.4	303.4	8,134.7	1,062.0
Other and eliminations	(229.1)	(36.2)	—	503.1 (19)	3.2 (19)
TECO Energy consolidated	$ 2,675.8	$ 298.2	$ 303.4	$ 8,637.8	$1.065.2
2001					
Tampa Electric	$ 1,412.7 (4)	$ 154.0 (9)	$ 173.4	$ 3,315.5	$ 426.3
Peoples Gas System	352.9	23.1 (10)	27.9	528.9	73.0
TECO Power Services	287.1 (5)	26.9 (11)	28.4	1,935.4 (15)(16)	397.5
TECO Transport	274.9 (6)	27.6 (12)	24.1	333.1	38.8
TECO Coal	303.4 (7)	59.0 (13)	28.3	258.5	25.8
Other unregulated businesses	106.9 (8)	4.0 (14)	6.1	295.5 (17)(18)	(0.1)
	2,737.9	294.6	288.2	6,666.9	961.3
Other and eliminations	(249.8)	(20.8)	—	96.5 (19)	4.6 (19)
TECO Energy consolidated	$ 2,488.1	$ 273.8	$ 288.2	$ 6,763.4	$ 965.9
2000					
Tampa Electric	$ 1,353.8 (4)	$ 144.5 (9)	$ 161.6	$ 2,997.1	$ 267.1
Peoples Gas System	314.5	21.8 (10)	25.8	513.3	82.2
TECO Power Services	199.1 (5)	22.8 (11)	18.5	1,350.6 (15)(16)	243.5
TECO Transport	269.8 (6)	29.2 (12)	22.0	311.3	21.1
TECO Coal	232.8 (7)	33.5 (13)	26.9	246.3	64.0
Other unregulated businesses	81.8 (8)	1.2 (14)	3.2	213.3 (17)(18)	6.9
	2,451.8	253.0	258.0	5,631.9	684.8
Other and eliminations	(228.7)	(25.5)	—	142.4 (19)	3.6 (19)
TECO Energy consolidated	$ 2,223.1	$ 227.5	$ 258.0	$ 5,774.3	$ 688.4

(1) From continuing operations. Revenues, net income and depreciation for all periods have been adjusted to reflect the reclassification of TECO Coalbed Methane results as discontinued operations.

(2) Revenues for all periods have been adjusted to reflect the presentation of energy marketing related revenues on a net basis and the reclassification of earnings from equity investments from Revenues to Other income.

(3) Segment net income is reported on a basis that includes internally allocated financing costs. Internally allocated costs for 2002, 2001, and 2000 were at pretax rates of 7%, 7%, and 6.75%, respectively, based on the average investment in each subsidiary.

(4) Revenues from sales to affiliates were $ 34.4 million, $32.6 million and $32.4 million in 2002, 2001 and 2000, respectively.

(5) Revenues from sales to affiliates were $ 51.4 million, $65.0 million and $67.6 million in 2002, 2001 and 2000, respectively.

(6) Revenues from sales to affiliates were $110.7 million, $123.2 million and $118.0 million in 2002, 2001 and 2000, respectively.

(7) Revenues from sales to affiliates were $0.7 million, $5.1 million and $4.3 million in 2002, 2001 and 2000, respectively.

(8) Revenues from sales to affiliates were $31.9 million, $23.8 million and $6.5 million in 2002, 2001 and 2000, respectively.

(9) Net income includes net interest expense of $51.5 million, $60.8 million and $67.4 million in 2002, 2001 and 2000, respectively. Net income also includes provisions for income taxes of $85.7 million, $83.4 million and $82.5 million, respectively, for the same periods.

(10) Net income includes net interest expense of $14.7 million, $14.3 million and $12.6 million in 2002, 2001 and 2000, respectively. Net income also includes provisions for income taxes of $14.7 million, $14.2 million and $13.3 million, respectively, for the same periods.

(11) Net income includes net interest expense of $57.2 million, $51.8 million and $23.0 million for 2002, 2001 and 2000, respectively, of which $102.6 million, $54.1 million and $23.0 million for the same periods was internally allocated financing costs (see **Note A**). Net income also includes provisions for income taxes of $9.2 million and $0.7 million for 2002 and 2001, respectively, and an income tax benefit of $0.6 million for 2000.

(12) Net income includes net interest expense of $6.3 million, $8.9 million and $6.5 million for 2002, 2001 and 2000, respectively, of which $1.7 million, $0.7 million and $0.9 million for the same periods was internally allocated financing income. Net income also includes provisions for income taxes of $10.8 million, $14.2 million and $16.2 million, respectively for the same periods.

(13) Net income includes internally allocated financing costs of $8.1 million, $7.6 million and $6.5 million for 2002, 2001 and 2000, respectively. Net income also includes income tax benefits of $22.9 million, $19.0 million and $14.8 million, respectively, for the same periods.

(14) Net income includes internally allocated financing costs of $4.5 million, $4.4 million and $2.7 million for 2002, 2001 and 2000, respectively. Net income also includes provisions for income taxes of $0.3 million, $3.1 million and $0.9 million, respectively, for the same periods.

(15) Total assets include $97.4 million, $120.4 million and $145.5 million in investments in unconsolidated affiliates at Dec. 31, 2002, 2001 and 2000, respectively. Total assets also includes $972.6 million, $286.4 and $383.1 million in other non-current investments at Dec. 31, 2002, 2001 and 2000, respectively .

(16) Total assets include $154.5 million, $129.4 million and $65.7 million in goodwill net of amortization at Dec. 31, 2002, 2001 and 2000, respectively.

(17) Total assets include $51.8 million, $52.5 million and $50.4 million in investments in unconsolidated affiliates at Dec. 31, 2002, 2001 and 2000, respectively.

(18) Total assets include $39.1 million, $36.4 million and $27.4 million in goodwill net of amortization at Dec. 31, 2002, 2001 and 2000, respectively.

(19) Total assets and capital expenditures for all periods include amounts for the discontinued operations of TECO Coalbed Methane.

Tampa Electric Company provides retail electric utility services to almost 598,000 customers in West Central Florida. Its Peoples Gas System division is engaged in the purchase, distribution and marketing of natural gas for more than 281,000 residential, commercial, industrial and electric power generation customers in the state of Florida.

TECO Transport, through its wholly-owned subsidiaries, transports, stores and transfers coal and other dry bulk commodities for third parties and Tampa Electric. TECO Transport's subsidiaries operate on the Mississippi, Ohio and Illinois rivers, in the Gulf of Mexico and worldwide.

TECO Coal, through its wholly-owned subsidiaries, owns mineral rights and owns or operates surface and underground mines and coal processing and loading facilities in Kentucky, Tennessee and Virginia. In 2000, these subsidiaries began operating two synthetic fuel processing facilities, whose production qualifies for the non-conventional fuels tax credit. With plans to continue growth in the production and sales of synfuel, TECO Coal has formed a new LLC and has transferred the synfuel units into this LLC effective Jan. 1, 2003. Selling partial interest in the LLC will facilitate efforts to maximize production as well as increase overall cash flow. TECO Coal's subsidiaries sell their coal production to third parties.

TPS has subsidiaries that have interests in independent power projects in Florida, Virginia, Texas, Arkansas, Mississippi, Arizona, Hawaii and Guatemala, and transmission and distribution facilities in Guatemala. TPS also has investments in unconsolidated affiliates that participate in independent power projects in other parts of the U.S. and the world.

TECO Energy's other diversified businesses are engaged in the marketing of natural gas, and energy services and engineering. Also included is the company's investment in the propane business.

Foreign Operations

TPS has independent power operations and investments in Guatemala.

TPS, through its subsidiaries, has a 96 percent ownership interest and operates a 78-megawatt power station that supplies energy to EEGSA, an electric utility in Guatemala, under a U.S. dollar-denominated power sales agreement.

At Dec. 31, 2002, TPS, through a wholly-owned subsidiary, had a 100 percent ownership interest in a 120-megawatt power station and in transmission facilities in Guatemala. The plant provides capacity under a U.S. dollar-denominated power sales agreement to EEGSA.

TPS, through a subsidiary, owns a 30 percent interest in a consortium that includes Iberdrola, an electric utility in Spain, and Electricidade de Portugal, an electric utility in Portugal. The consortium owns an 80.9 percent interest in EEGSA.

Total assets at Dec. 31, 2002, 2001 and 2000 included $415.9 million, $454.2 million and $442.6 million, respectively, related to these Guatemalan operations and investments. Revenues included $88.5 million, $79.9 million and $69.0 million for the years ended Dec. 31, 2002, 2001 and 2000, respectively, and operating income included $33.0 million, $38.0 million and $23.7 million for the same periods from these Guatemalan operations and investments.

R. Commitments and Contingencies

Capital Investments

TECO Energy has made certain commitments in connection with its continuing capital improvements program. At Dec. 31, 2002, these forecasted capital investments total approximately $2.0 billion for the years 2003 through 2007 and are summarized as follows.

Forecasted-Capital Investments

(millions)	*2003*	*2004*	*2005 – 2007*	*Total 2003-2007*
Florida operations	$ 272	$ 266	$ 725	$1,263
Independent power	424	25	75	524
Transportation	15	21	61	97
Other	16	23	55	94
	$ 727	$ 335	$ 916	$1,978

For 2003, Tampa Electric expects to spend $232 million, consisting of $78 million for the repowering project at the Gannon Station, and $154 million to support system growth and generation reliability. Tampa Electric's estimated capital expenditures over the 2004-2007 period are projected to be $841 million, including $67 for the Gannon repowering project. At the end of 2002, Tampa Electric had outstanding commitments of about $119 million for the Gannon repowering project.

Capital expenditures for PGS are expected to be about $40 million in 2003 and $160 million during the 2004-2007 period. Included in these amounts are approximately $25 million annually for projects associated with customer growth and system expansion. The remainder represents capital expenditures for ongoing maintenance and system safety.

TPS expects to invest $424 million in 2003 for completion of the Union and Gila River power stations and $100 million in 2004 through 2006, mainly for the completion of the Dell and McAdams power stations. Estimates for TPS include net contributions to projects of unconsolidated affiliates and other investments of $393 million. TPS had outstanding commitments at Dec. 31, 2002 of approximately $384 million related to the Union and Gila River power stations.

The other unregulated companies expect to invest $31 million in 2003 and $160 million during 2004 through 2007, mainly for normal renewal and replacement capital.

Superfund and Former Manufactured Gas Plant Sites

Tampa Electric Company, through its Tampa Electric and Peoples Gas divisions, is a potentially responsible party for certain superfund sites and, through its Peoples Gas 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, as of Dec. 31, 2002, Tampa Electric Company has estimated its ultimate financial liability to be $20 million, and this amount has been accrued in the company's financial statements. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

The estimated amounts represent only the estimated portion of the cleanup costs attributable to Tampa Electric Company. The estimates to perform the work are based on actual estimates obtained from contractors, or Tampa Electric Company's experience with similar work adjusted for site specific conditions and agreements with the respective governmental agencies. The estimates are made in current dollars, are not discounted and do not assume any insurance recoveries.

Allocation of the responsibility for remediation costs among Tampa Electric Company and other potentially responsible parties (PRPs) is based on each parties relative ownership interest in or usage of a site. Accordingly, Tampa Electric Company's share of remediation costs varies with each site. In virtually all instances where other PRPs are involved, those PRPs are considered creditworthy.

Factors that could impact these estimates include the ability of other PRPs to pay their pro rata portion of the cleanup costs, additional testing and investigation which could expand the scope of the cleanup activities, additional liability that might arise from the cleanup activities themselves or changes in laws or regulations that could require additional remediation. These costs are recoverable through customer rates established in subsequent base rate proceedings.

Long Term Operating Lease Commitments

TECO Energy has commitments under long-term operating leases, primarily for building space, office equipment and heavy equipment, marine assets at TECO Transport, and certain equipment at TPS' Hardee Power Station. On Dec. 30, 2002 TECO Transport completed a sales leaseback transaction to be accounted for as an operating lease covering one ocean-going tug and barge, five river towboats and 49 river barges. On Dec. 21, 2001, TECO Transport sold three ocean-going barges and one ocean-going tug boat in a sales leaseback transaction to be accounted for as an operating lease. Both lease terms are 12 years with early buyout options after 5 years. TPS completed a transaction on Dec. 29, 2000, where certain equipment at its Hardee Power Station was sold to a third party and leased back under a 12-year operating lease.

Total rental expense for these operating leases, included in the Consolidated Statements of Income for the years ended Dec. 31, 2002, 2001 and 2000 was $26.1 million, $20.4 million and $17.6 million, respectively. The following is a schedule of future minimum lease payments at Dec. 31, 2002 for all operating leases with noncancelable lease terms in excess of one year:

Future Minimum Lease Payments For Operating Leases

Year ended Dec. 31:	*Amount (millions)*
2003	$ 27.4
2004	26.5
2005	23.3
2006	20.7
2007	17.9
Later Years	107.1
Total minimum lease payments	$ 222.9

Guarantees and Letters of Credit

TECO Energy company has outstanding letters of credit of $185.0 million at Dec. 31, 2002, which guarantee performance to third parties related to debt service, major maintenance requirements and various trade activities. The company also has financial guarantees of $755.6 million at Dec. 31, 2002, primarily for fuel purchases, energy management and construction related debt for projects in which TPS is a participant. Most of the guarantees are renewable annually. In addition, TECO Energy has guaranteed a $375 million equity bridge loan and the $60 million construction undertaking related to the Gila River and Union power stations. A summary of TECO Energy's letters of credit and guarantees are as follows:

Letters of Credit and Guarantees

($ in millions) *Letters of Credit and Guarantees for the Benefit of*	*2003*	*2004*	*After 2005-2007*	*2007*	*Total*	*Liabilities Recognized at Dec. 31, 2002*
Tampa Electric						
Letters of credit	$ —	$ —	$ —	$ 0.9	$ 0.9	$ —
TECO Power Services						
Letters of credit	128.0	27.1		24.7	179.8	
Guarantees:						
Debt related				15.7	15.7	
Fuel purchase/energy management				443.9	443.9	10.0
Construction/Investment related	435.0		60.0	5.0	500.0	
	563.0	27.1	60.0	489.3	1,139.4	10.0
TECO Transport						
Letters of credit	—	—	—	1.5	1.5	—
TECO Coal						
Letters of credit				0.1	0.1	
Guarantees: Fuel purchase related				1.5	1.5	1.5
	—	—	—	1.6	1.6	1.5
Other unregulated subsidiaries						
Letters of credit				2.7	2.7	
Guarantees:						
Debt related				8.0	8.0	
Fuel purchase/energy management				221.5	221.5	46.4
	—	—	—	232.2	232.2	46.4
	$ 563.0	$ 27.1	$ 60.0	$ 725.5	$1,375.6	$ 57.9

Financial Covenants

A summary of TECO Energy's significant financial covenants is as follows:

TECO Energy Significant Financial Covenants

(millions) *Instrument*	*Financial Covenant(1)*	*Requirement/ Restriction*	*Calculation at Dec. 31, 2002*
Tampa Electric			
Mortgage bond indenture	Dividend restriction	Cumulative distributions cannot exceed cumulative net income plus $4	$189 unrestricted
PGS senior notes	EBIT/interest	Minimum of 2.0 times	3.7 times
	Restricted payments	Shareholder equity at least $500	$1,838
	Funded debt/capital	Cannot exceed 65%	44.8%
	Sale of assets	Less than 20% of total assets	0%
Credit facility	Debt/capital	Cannot exceed 60%	43.9%
	EBITDA/interest	Minimum of 2.5 times	7.8 times
TECO Energy			
Credit facilities	Debt/capital	Cannot exceed 65%	55.9%
$380 million note indenture(2)	Various	—	—
TECO/Panda guarantees(3)	Debt/capital	Cannot exceed 65%	55.9%
	EBITDA/interest	Minimum of 3.0 times	3.6 times
	Minimum ratings	BBB and Baa3, or BBB- and Baa2	BBB- and Baa2
TPS purchase obligation guarantee	Debt/capital	Cannot exceed 65%	55.9%
	EBITDA/interest	Minimum of 1.5 times	3.6 times
TECO Diversified			
Energy management services agreement guarantee	Consolidated tangible net worth	Minimum of $200	$575
	Consolidated funded debt	Cannot exceed 60%	19.1%
Coal supply agreement guarantee	Dividend restriction	Net worth not less than $200 or $446 (40% of tangible net assets)	$536

(1) As defined in applicable instrument.

(2) Indenture contains covenants which would apply only if either (a) Notes are rated below BBB- by S&P or below Baa3 by Moody's or (b) Notes are rated below Special Ratings Trigger (minimum of BBB- by S&P and Baa2 by Moody's or BBB by S&P and Baa3 by Moody's) if TECO Energy Construction Undertakings for the TECO/Panda projects are not substantially discharged. These covenants include Limitation on Restricted Payments, Limitations on Certain Liens and Limitation on Indebtedness.

(3) Includes Equity Bridge, Equity Contribution and Construction Undertaking Guarantees related to the TPGC projects.

Other Contingencies

In December 2001, Enron Corp., a large energy trading and services company, filed for protection under the U.S. Bankruptcy Code. TECO Energy announced it believed it had exposure in operations from trade payables and other trading positions due to the Enron bankruptcy of $3.5 million or less after-tax at its subsidiaries TPS, PGS and Prior Energy. TECO Energy has negotiated an agreement with Enron, pending approval of the Creditors Committee, to settle the previously reported $3.5 million of potential trade payables exposure as a result of the Enron bankruptcy. The net financial impact of the agreement is reflected in consolidated net income and no future financial impact is expected.

In addition to the financial and non-financial guarantees listed above, TECO Energy and its subsidiaries include indemnity clauses, in the normal course of business, in certain agreements with vendors and other third parties. Such clauses may provide indemnification to the counter-party for certain amounts such as legal fees, environmental remediation costs and other similar costs arising from potential future events or changes in laws or regulations. As these agreements cover a variety of goods and services, and have varying triggering events dependent on actions by third parties, TECO Energy is unable to estimate the maximum potential future exposure under these clauses. As claims are made or changes in laws or regulations indicate, an amount related to the indemnification is reflected in the financial statements.

S. Mergers and Acquisitions

In May 2002, TPS purchased Mosbacher Power Partners' interest in TM Power Ventures (TMPV) for $29.3 million. The majority of the purchase price was allocated to TMPV's investment in the 312-megawatt Commonwealth Chesapeake Power Station located on the Delmarva Peninsula in Virginia, and has been recorded as an increase in goodwill. The acquisition increased TPS' ownership interest in TMPV to 100 percent.

In November 2001, TECO Solutions acquired Prior Energy Corporation, a leading natural gas management company serving customers in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Texas. Prior Energy handles all facets of natural gas energy management services, including natural gas purchasing and marketing. The company has an established market base in the Southeast and one of the top customer service reputations in the region. The acquisition was accounted for by the purchase method of accounting and, accordingly, the results of operations of Prior Energy are included as part of TECO Solutions' results beginning Nov. 1, 2001. The final working capital adjustment and purchase price allocation was completed in 2002. The total cost of the acquisition was $23.0 million plus a net working capital payment of $6.4 million. Goodwill of $9.6 million was recorded, representing the excess of purchase price over the fair market value of assets acquired. Under FAS 141, effective for all business combinations initiated after June 30, 2001, goodwill is no longer subject to amortization. Net intangible assets of $39.8 million were recorded, representing the value of customer backlog and supply agreements as well as the open cash flow hedges as of Nov. 1, 2001, which are being amortized over 2001 through 2004.

In March 2001, TPS acquired the Frontera Power Station located near McAllen, Texas, accounting for the transaction using the purchase method of accounting. This 477-megawatt, natural gas-fired combined-cycle plant, originally developed by CSW Energy (CSW), began commercial operation in May 2000. As a condition of the merger of Central & South West Corporation, CSW's parent company, with American Electric Power Company, Inc., the FERC required CSW to divest its ownership in this facility. The total cost of the acquisition was $265.3 million. Goodwill of $70.4 million, representing the excess of purchase price over the fair market value of assets acquired, was recorded, and was amortized on a straight-line basis over 40 years until the requirements of FAS 141 became effective on Jan. 1, 2002 (See **Note C**). The results of operations of Frontera Power Station are included as part of TPS' results beginning March 16, 2001.

The following pro forma disclosures include Prior Energy and the Frontera Power Station as if they had been included in TECO Energy's financial statements for the years ended Dec. 31, 2001 and 2000.

Pro Forma Disclosure — Mergers and Acquisitions

	Actual	*Pro Forma*	
Year ended Dec. 31,	*2002*	*2001*	*2000*
Revenues (millions)	$ 2,675.8	$ 2,557.4	$ 2,308.6
Net income from continuing operations(millions)	$ 298.2	$ 270.4	$ 230.5
Earnings per share from continuing operations – basic	$ 1.95	$ 2.01	$ 1.83

This pro forma information is not necessarily indicative of the operating results that would have occurred had the acquisitions been completed as of the dates indicated, nor are they indicative of future operating results.

In October 2001, TECO BGA, a unit of TECO Solutions, purchased a district cooling business from FPL Energy Services, a subsidiary of FPL Group. The acquisition includes a 12,000-ton design capacity cooling plant located in downtown Miami. This acquisition provides TECO BGA with a stronger presence in the growing South Florida energy market, long-term contract business, a franchise agreement with the city of Miami and the potential for expansion. The acquisition was accounted for by the purchase method of accounting and, accordingly, its results of operations are included as part of TECO BGA's results beginning Oct. 25, 2001. The total cost of the acquisition was $12.5 million. No goodwill was recorded for the acquisition. The acquisition was not material to the financial statements; no pro forma disclosures are presented.

On Nov. 1, 2000, TECO Coal acquired all of the outstanding stock of Perry County Coal for $14.9 million, comprised of $12.1 million in cash and $2.8 million in notes. Perry County Coal owns or controls more than 23 million tons of low-sulfur reserves, and operates both deep and surface contract mines. The acquisition was accounted for by the purchase method of accounting and, accordingly, the results of operations and assets of Perry County Coal are included as part of TECO Coal's results beginning Nov. 1, 2000. The acquisition was not material to the financial statements; no pro forma disclosures are presented.

In September 2000, TECO Energy acquired BCH Mechanical, Inc. and its affiliated companies ("BCH") accounting for the transaction using the purchase method of accounting. BCH is one of the leading mechanical contracting firms in Florida. TECO Energy purchased a combination of stock and assets of the BCH companies for $34.8 million, comprised of $26.1 million in cash, $2.9 million in notes, and 233,819 shares of TECO Energy common stock. Goodwill of $25.9 million representing the excess of purchase price over the fair market value of assets acquired was recorded, and was amortized on a straight-line basis over 20 years, until the requirements of FAS 141 became effective on Jan. 1, 2002 (See **Note C**). The results of operations of BCH are included as part of TECO Energy's results beginning Sept. 1, 2000. The acquisition was not material to the financial statements; no pro forma disclosures are presented.

In connection with this transaction, TECO Solutions was formed to support TECO Energy's strategy of offering customers a comprehensive and competitive package of energy services and products. Operating companies under TECO Solutions include TECO Energy Services (formerly TECO BGA and BCH Mechanical), TECO Partners, TPV, TECO Gas Services, Prior Energy and TECO Properties.

In February 2000, TECO Energy entered into an agreement to form US Propane, a joint venture to combine its Peoples Gas Company (PGC) propane operations with the propane operations of Atmos Energy Corporation, AGL Resources Inc. and Piedmont Natural Gas Company, Inc. Through a series of transactions completed Aug. 10, 2000, US Propane combined its propane operations with those of Heritage Propane Partners, L.P. US Propane now owns the general partner interest and 29 percent of the limited partnership interests of Heritage Propane Partners. TECO Energy through its wholly-owned subsidiary TPV, is accounting for its interest in US Propane under the equity method of accounting. As a result of these transactions, TPV also received $19.3 million in cash and recognized a pretax gain of $13.6 million ($8.3 million after-tax) on the sale of PGC assets and liabilities to the extent acquired by US Propane and Heritage Propane Partners.

T. New Accounting Pronouncements

Accounting for Asset Retirement Obligations

In July 2001, the FASB issued FAS 143, *Accounting for Asset Retirement Obligations*, which requires the recognition of a liability at fair value for an asset retirement obligation in the period in which it is incurred. Retirement obligations associated with long-lived assets included within the scope of FAS 143 are those for which there is a legal obligation to settle under existing or enacted law, statute, written or oral contract, or by legal construction under the doctrine of promissory estoppel. Retirement obligations are included in the scope of the standard only if the legal obligation exists in connection with or as a result of the permanent retirement, abandonment or sale of a long-lived asset.

When the liability is initially recorded, the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its future value. The corresponding amount capitalized at inception is depreciated over the useful life of the asset. The liability must be revalued each period based on current market prices. FAS 143 is effective for fiscal years beginning after June 15, 2002. The company estimates that the adoption of FAS 143 will result in a non-cash increase to net property, plant and equipment of approximately $8.0 million, a non-cash net increase to asset retirement obligation of approximately $10.0 million, and as a cumulative effect of change in accounting principle, a non-cash pretax charge of approximately $2.0 million.

Exit or Disposal Costs

In July 2002, the FASB issued FAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*, which addresses the accounting for costs under certain circumstances, including costs to terminate a contract that is not a capital lease, costs to consolidate facilities or relocate employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred compensation contract. FAS 146 is effective for disposal activities initiated after Dec. 31, 2002 with early adoption allowed.

TECO Energy opted to adopt early FAS 146 in 2002. Early retirements were accepted by 52 employees at Tampa Electric Company's electric division in mid-2002. Cost associated with this program were approximately $6.3 million and were recognized in operation expenses in the third quarter of 2003. In the fourth quarter of 2002, TECO Energy initiated an additional restructuring program that impacted approximately 200 employees. This program includes retirements, the elimination of positions and other cost control measures. The total costs associated with this program, including severance, salary continuance through the end of 2002 and other benefit costs, were approximately $13 million and were recognized in the fourth quarter.

Gains and Losses on Energy Trading Contracts

On Oct. 25, 2002, the Emerging Issues Task Force released EITF 02-3, *Recognition and Reporting of Gains and Losses on Energy Trading Contracts Under Issues No. 98-10 and 00-17*, which 1) precludes mark-to-market accounting for energy trading contracts that are not derivatives pursuant to FAS 133, 2) requires that gains and losses on all derivative instruments within the scope of FAS 133 be presented on a net basis in the income statement if held for trading purposes, and 3) limits the circumstances in which a reporting entity may recognize a "day one" gain or loss on a derivative contract. The measurement provisions of the issue are effective for all fiscal periods beginning after Dec. 15, 2002. The net presentation provisions are effective for all financial statements issued after Dec. 15, 2002. In accordance with the recommended transition provisions, TECO Energy reclassified certain amounts in prior periods to present gains and losses on a net basis (see **Note A**). The adoption of the measurement provisions is not anticipated to have a material impact.

Guarantees

In November 2002, the FASB issued Interpretation No. (FIN) 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of others (an interpretation of FAS No. 5, 57, and 107 and rescission of FAS Interpretation No. 34)*, which modifies the accounting and enhances the disclosure of certain types of guarantees. FIN 45 requires that upon issuance of certain guarantees, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee. FIN 45's provisions for the initial recognition and measurement are to be applied to guarantees issued or modified after Dec. 31, 2002. The disclosure requirements are effective for financial statements of annual periods that end after Dec. 15, 2002 (see **Note R**).

Stock-Based Compensation

In December 2002, the FASB issued FAS 148, *Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123*. This standard amends FAS 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for companies that voluntarily change to the fair value based method of accounting for stock-based employee compensation. It also requires prominent disclosure about the effects on reported net income of the company's accounting policy decisions with respect to stock-based employee compensation in both annual and interim financial statements. The transition provisions and annual disclosure requirements are effective for all fiscal years ending after Dec. 15, 2002, while the interim period disclosure requirements are effective for all interim periods beginning after Dec. 15, 2002. The adoption of the disclosure provisions of this standard does not have a material impact.

Consolidation of Variable Interest Entities

The equity method of accounting is used to account for investments in partnership arrangements in which TECO Energy or its subsidiary companies do not have a majority ownership or exercise control. On Jan. 17, 2003, the FASB issued FASB Interpretation (FIN) No. 46, *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*, which imposes a new approach in determining if a reporting entity should consolidate certain legal entities, including partnerships, limited liability companies, or trusts, among others, collectively defined as variable interest entities or VIEs. A legal entity is considered a VIE if it does not have sufficient equity at risk to finance its own activities without relying on financial support from other parties. Additional criteria must be applied to determine if this condition is met or if the equity holders, as a group, lack any one of three stipulated characteristics of a controlling financial interest. If the legal entity is a VIE, then the reporting entity determined to be the primary beneficiary must consolidate it. Even if a reporting entity is not obligated to consolidate a VIE, then certain disclosures must be made about the VIE if the reporting entity has a significant variable interest. Certain transition disclosures are required for all financial statements issued after Jan. 31, 2003. The on-going disclosure and consolidation requirements are effective for all interim financial periods beginning after June 15, 2003.

Based on a preliminary review, TECO Energy believes it is reasonably possible that FIN 46 may impact the accounting for certain unconsolidated affiliates. Management is continuing to assess the extent of the relationships and obtain adequate information upon which to base appropriate conclusions. Below is a discussion of the legal entities existing as of Dec. 31, 2002 that TECO Energy considers to be possibly subject to either 1) additional disclosure requirements or 2) consolidation by the company, in accordance with FIN 46.

TPS entered into a joint venture, TPGC, to build, own and operate the Union and Gila River power stations. As of Dec. 31, 2002, TPGC is a development stage partnership that may meet the definition of a VIE in accordance with FIN 46. The third-party debt financing at TPGC is non-recourse and does not create an estimated loss exposure to TECO Energy. The estimated maximum loss exposure is approximately the current and guaranteed equity investment in the partnership. (See **Notes A, N** and **R**.)

TPS completed a transaction whereby certain equipment at the Hardee Power Station was sold to a third party (the Lessor) and leased back under an operating lease agreement with an initial term of 12 years. The original cost of the equipment was $46.6 million. The sole purpose of the Lessor is to own and lease back the equipment to Hardee Power. The Lessor may be a VIE in accordance with FIN 46. The lease financing arrangement includes $41.6 million of subordinated debt and $1.4 million of equity contributed by an unrelated third party. If the Lessor were to be consolidated, TPS estimates that it would incur after-tax incremental expenses of approximately $9.5 million over the 12 year term of the lease. (See **Note R**.)

TECO Properties formed two limited liability companies with project developers which may meet the definition of a VIE. Hernando Oaks, LLC was formed by TECO Properties with the Pensacola Group to buy and develop 627 acres of land in Hernando County, Florida into a residential golf community comprised of an 18-hole golf course and 975 single-family lots for sale to homebuilders. Hernando Oaks, LLC had total assets at Dec. 31, 2002 of $18.9 million. TECO Properties' estimated maximum loss exposure in this project is approximately $9.7 million.

B-T One, LLC is a limited liability company formed by TECO Properties with Boyd Development Co., the project developer, to buy 592 acres of land in Ocala, Florida and to develop and sell 585 single-family lots to homebuilders. B-T One, LLC had total assets at Dec. 31, 2002 of $13.1 million. TECO Properties' estimated maximum loss exposure in this project is approximately $7.5 million.

TECO Propane Ventures (TPV) has an investment in a partnership formed to combine propane operations with the propane operations of three third-party entities. The partnership may meet the definition of a VIE as established in FIN 46. At Dec. 31, 2002, the estimated maximum loss exposure faced by TPV is approximately $44.6 million. (See **Note S.**)

TECO Transport entered into two separate sale-leaseback transactions for certain vessels which were recognized as sales at the time of each transaction, and are currently recognized as operating leases for the assets. The sale-leaseback transactions were entered into with a third party that may meet the definition of a VIE. TECO Transport currently leases two ocean-going tugboats, four ocean-going barges, five river towboats and 49 river barges. The estimated maximum loss exposure faced by TECO Transport is the incremental cost of obtaining suitable equipment to meet contractual obligations. (See **Note R.**)

TECO Energy Services (formerly TECO BGA) formed a partnership to construct, own and operate a water cooling plant to produce and distribute chilled water to customers via a local distribution loop for use, primarily, in air conditioning systems. The partnership may meet the definition of a VIE in accordance FIN 46. The estimated maximum loss exposure associated with this partnership is approximately $3.6 million as of Dec. 31, 2002.

In November 2000, TECO Energy established TECO Capital Trust I (Trust I) for the sole purpose of issuing Trust Preferred Securities (TRuPS) and using the proceeds to purchase company preferred securities from TECO Funding Company I, LLC. Trust I may be a VIE in accordance with FIN 46. TECO Energy has guaranteed the payments to the holders of the company preferred securities and indirectly, the payments to the holders of the TRuPS, as a result of their beneficial interest in the company preferred securities.

Subsequently, in January 2002, TECO Energy sold 17.965 million units of mandatorily convertible equity units in the form of 9.5% equity units at $25 per unit. Each equity unit consisted of $25 in principal amount of a trust preferred security of TECO Capital Trust II (Trust II), a Delaware business trust formed for the purpose of issuing these securities. Trust II may meet the definition of a VIE in accordance with FIN 46. The estimated maximum loss exposure is not expected to be incrementally significant to obligations currently recognized by TECO Energy for the activities of either Trust I or Trust II. (See **Note G.**)

As a result of the conversion of a loan to a Panda Energy International subsidiary on Jan. 3, 2003, TPS has an equity interest in the TIE partnership (See **Note N**). The TIE partnership owns and operates the Odessa and Guadalupe power stations in Texas. The partnership may be a VIE in accordance with FIN 46. The estimated maximum loss exposure is approximately $137 million, representing TPS' equity investment as of Jan. 3, 2003.

U. Subsequent Event

On Jan. 30, 2003, TECO Energy received $98.1 million in cash for the repayment of a note receivable from the Municipal Gas Authority of Georgia, related to the sale of its coalbed methane assets on Dec. 20, 2002.

V. Quarterly Data (unaudited)

Financial data by quarter is as follows:

Quarter ended	*March 31*	*June 30*	*Sept. 30*	*Dec. 31*
2002				
Revenues(1)	$ 606.6	$ 677.7	$ 731.0	$ 660.5
Income from operations(1)	$ 89.2	$ 97.8	$ 142.5	$ 59.5
Net income(1)				
Net income from continuing operations	$ 69.9	$ 80.9	$ 112.8	$ 34.6
Net income	$ 75.4	$ 85.7	$ 118.9	$ 50.1
Earnings per share (EPS)- basic				
EPS from continuing operations	$ 0.50	$ 0.56	$ 0.72	$ 0.20
EPS	$ 0.54	$ 0.59	$ 0.76	$ 0.29
Earnings per share (EPS) - diluted				
EPS from continuing operations	$ 0.50	$ 0.56	$ 0.72	$ 0.20
EPS	$ 0.54	$ 0.59	$ 0.76	$ 0.29
Dividends paid per common share(2)	$ 0.345	$ 0.355	$ 0.355	$ 0.355
Stock price per common share(3)				
High	$ 28.940	$ 29.050	$ 24.710	$ 16.480
Low	$ 23.400	$ 22.700	$ 14.200	$ 10.020
Close	$ 28.630	$ 24.750	$ 15.880	$ 15.470
2001				
Revenues(1)	$ 641.3	$ 613.2	$ 659.6	$ 574.0
Income from operations(1)	$ 103.0	$ 95.4	$ 131.7	$ 68.1
Net income(1)				
Net income from continuing operations	$ 62.1	$ 61.8	$ 90.8	$ 59.1
Net income	$ 69.7	$ 71.9	$ 97.3	$ 64.8
Earnings per share (EPS)- basic				
EPS from continuing operations	$ 0.48	$ 0.46	$ 0.67	$ 0.43
EPS	$ 0.54	$ 0.53	$ 0.72	$ 0.47
Earnings per share (EPS) - diluted				
EPS from continuing operations	$ 0.47	$ 0.44	$ 0.66	$ 0.42
EPS	$ 0.53	$ 0.52	$ 0.71	$ 0.47
Dividends paid per common share(2)	$ 0.335	$ 0.345	$ 0.345	$ 0.345
Stock price per common share(3)				
High	$ 32.125	$ 32.970	$ 31.650	$ 28.300
Low	$ 26.100	$ 28.780	$ 25.530	$ 24.750
Close	$ 29.960	$ 30.500	$ 27.100	$ 26.240

(1) Millions.
(2) Dividend paid on TECO Energy common stock.
(3) Trading prices for common shares.

TAMPA ELECTRIC COMPANY
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All other 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 CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholder of Tampa Electric Company

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Tampa Electric Company and its subsidiaries, (a wholly owned subsidiary of TECO Energy, Inc.) at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers, LLP

Tampa, Florida
January 22, 2003

TAMPA ELECTRIC COMPANY
CONSOLIDATED BALANCE SHEETS

Assets (millions) *Dec. 31,*	*2002*	*2001*
Property, Plant and Equipment		
Utility plant in service		
Electric	$ 4,310.8	$ 4,112.3
Gas	746.7	699.4
Construction work in progress	768.5	404.4
Property, plant and equipment, at original costs	5,826.0	5,216.1
Accumulated depreciation	(2,161.0)	(2,014.8)
	3,665.0	3,201.3
Other property	7.9	8.2
Total property, plant and equipment	3,672.9	3,209.5
Current Assets		
Cash and cash equivalents	6.9	15.4
Receivables, less allowance for uncollectibles of $1.1 million and $1.6 million at Dec. 31, 2002 and 2001, respectively	186.5	166.8
Inventories		
Fuel, at average cost	79.1	69.0
Materials and supplies	48.1	51.0
Prepayments and other	18.4	12.5
Total current assets	339.0	314.7
Deferred Debits		
Unamortized debt expense	23.7	8.0
Deferred income taxes	133.3	136.2
Regulatory assets	163.2	198.3
Other	5.6	12.5
Total deferred debits	325.8	355.0
Total Assets	$ 4,337.7	$ 3,879.2

The accompanying notes are an integral part of the consolidated financial statements.

TAMPA ELECTRIC COMPANY
CONSOLIDATED BALANCE SHEETS

Liabilities and Capital (millions) *Dec. 31,*	*2002*	*2001*
Capital		
Common stock	$ 1,535.1	$ 1,318.1
Retained earnings	302.9	304.4
Accumulated other comprehensive loss	--	(0.1)
Total capital	1,838.0	1,622.4
Long-term debt, less amount due within one year	1,345.6	880.9
Total capitalization	3,183.6	2,503.3
Current Liabilities		
Long-term debt due within one year	81.0	156.1
Notes payable	10.5	249.0
Accounts payable	178.8	135.8
Customer deposits	94.6	86.3
Interest accrued	18.3	16.1
Taxes accrued	46.9	57.3
Total current liabilities	430.1	700.6
Deferred Credits		
Deferred income taxes	483.1	441.6
Investment tax credits	27.1	31.6
Regulatory liabilities	98.1	106.2
Other	115.7	95.9
Total deferred credits	724.0	675.3
Total liabilities and capital	$ 4,337.7	$ 3,879.2

The accompanying notes are an integral part of the consolidated financial statements.

TAMPA ELECTRIC COMPANY
CONSOLIDATED STATEMENTS OF INCOME

(millions) *Year Ended Dec. 31,*	*2002*	*2001*	*2000*
Revenues			
Electric (includes franchise fees and gross receipts taxes of $63.5 million in 2002, $56.0 million in 2001, and $47.5 million in 2000)	$ 1,582.5	$ 1,411.8	$ 1,352.9
Gas (includes franchise fees and gross receipts taxes of $10.3 million in 2002, $15.1 million in 2001, and $12.2 million in 2000)	318.1	352.9	314.5
Total revenues	1,900.6	1,764.7	1,667.4
Expenses			
Operation			
Fuel	424.1	346.5	323.3
Purchased power	253.7	209.7	192.1
Cost of natural gas sold	148.9	186.4	157.0
Other	273.0	249.1	246.3
Maintenance	112.0	103.2	99.9
Depreciation	220.1	201.3	187.4
Taxes, federal and state income	100.3	97.7	95.8
Taxes, other than income	132.6	129.3	120.8
Total expenses	1,664.7	1,523.2	1,422.6
Income from operations	235.9	241.5	244.8
Other income			
Allowance for other funds used during construction	24.9	6.6	1.6
Other income, net	1.5	4.1	–
Total other income	26.4	10.7	1.6
Interest charges			
Interest on long-term debt	77.5	62.5	52.4
Other interest	(1.6)	15.2	28.4
Allowance for borrowed funds used during construction	(9.6)	(2.6)	(0.7)
Total interest charges	66.3	75.1	80.1
Net income	$ 196.0	$ 177.1	$ 166.3

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions) *Year Ended Dec. 31,*	*2002*	*2001*	*2000*
Net income	$ 196.0	$ 177.1	$ 166.3
Other comprehensive (loss) income, net of tax			
Net unrealized losses on cash flow hedges	0.1	(0.1)	—
Other comprehensive (loss) income, net of tax	0.1	(0.1)	—
Comprehensive income	$ 196.1	$ 177.0	$ 166.3

The accompanying notes are an integral part of the consolidated financial statements.

TAMPA ELECTRIC COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions) *Year Ended Dec. 31,*	*2002*	*2001*	*2000*
Cash flows from operating activities			
Net income	$ 196.0	$ 177.1	$ 166.3
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	220.1	201.3	187.4
Deferred income taxes	23.7	(1.9)	(39.4)
Investment tax credits, net	(4.4)	(4.5)	(4.4)
Allowance for funds used during construction	(34.5)	(9.2)	(2.3)
Deferred recovery clause	72.2	(19.0)	(68.7)
Refund to customers	(6.4)	--	(13.2)
Receivables, less allowance for uncollectibles	(19.8)	24.1	(33.3)
Inventories	(7.2)	(10.8)	13.0
Taxes accrued	(10.4)	(14.3)	40.7
Interest accrued	2.3	(18.1)	21.3
Accounts payable	43.1	(52.4)	24.3
Other	--	20.9	45.7
Cash flows from operating activities	474.7	293.2	337.4
Cash flows from investing activities			
Capital expenditures	(685.7)	(499.3)	(349.3)
Allowance for funds used during construction	34.5	9.2	2.3
Cash flows from investing activities	(651.2)	(490.1)	(347.0)
Cash flows from financing activities			
Proceeds from contributed capital from parent	217.0	170.0	105.0
Proceeds from long-term debt	689.3	250.0	154.5
Repayment of long-term debt	(302.4)	(54.4)	(84.1)
Net increase (decrease) in short-term debt	(238.5)	17.8	(40.0)
Payment of dividends	(197.4)	(171.8)	(151.2)
Cash flows from financing activities	168.0	211.6	(15.8)
Net (decrease) increase in cash and cash equivalents	(8.5)	14.7	(25.4)
Cash and cash equivalents at beginning of year	15.4	0.7	26.1
Cash and cash equivalents at end of year	$ 6.9	$ 15.4	$ 0.7
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for:			
Interest	$ 74.0	$ 85.3	$ 66.7
Income taxes	$ 143.9	$ 119.9	$ 98.4

The accompanying notes are an integral part of the consolidated financial statements.

TAMPA ELECTRIC COMPANY
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(millions) *Year Ended Dec. 31,*	*2002*	*2001*	*2000*
Balance, Beginning of Year	$ 304.3	$ 299.0	$ 283.9
Add-Net income	196.0	177.1	166.3
	500.3	476.1	450.2
Deduct-Cash dividends on capital stock			
Common	197.4	171.8	151.2
	197.4	171.8	151.2
Balance, End of Year	$ 302.9	$ 304.3	$ 299.0

CONSOLIDATED STATEMENTS OF CAPITALIZATION

(millions, except share amounts)	*Current* Redemption *Price*	*Capital Stock Outstanding Dec. 31,* *Shares*	*Amount*	*Cash dividends paid (1)* Per *Share*	*Amount*
Common stock-Without par value					
25 million shares authorized					
2002	N/A	10	$ 1,535.1	N/A	$ 197.4
2001	N/A	10	$ 1,318.1	NA	$ 171.8
Preferred Stock-$100 Par Value					
1.5 million shares authorized, none outstanding.					
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.

The accompanying notes are an integral part of the consolidated financial statements.

(millions) *Long-Term Debt*	*Outstanding at Dec. 31,*	*Due*	*2002*	*2001*
Tampa Electric				
First mortgage bonds (issuable in series):				
7.75% (effective rate of 7.96%)		2022	$ 75.0	$ 75.0
6.125% (effective rate of 6.61%)		2003	75.0	75.0
Installment contracts payable (3):				
5.75%		2002	--	22.5
7.875% Refunding bonds (4)		2002	--	25.0
8% Refunding bonds (4)		2002	--	100.0
6.25% Refunding bonds (effective rate of 6.81%) (5)		2034	86.0	86.0
5.85% (effective rate of 5.88%)		2030	75.0	75.0
5.1% Refunding bonds (effective rate of 5.78%) (6)		2013	60.7	--
5.5% Refunding bonds (effective rate of 6.35%) (6)		2023	86.4	--
4% for 2002 (effective rate of 4.21%) and variable rate of 1.45% for 2001 (1) (7)		2025	51.6	51.6
4% for 2002 (effective rate of 4.16%) and variable rate of 1.47% for 2001 (1) (7)		2018	54.2	54.2
4.25% for 2002 (effective rate of 4.43%) and variable rate of 1.52% for 2001 (1) (7)		2020	20.0	20.0
Notes: 5.86% (1)		2002	--	100.0
Notes: 6.875% (effective rate of 6.98%) (2)		2012	210.0	210.0
Notes: 6.375% (effective rate of 7.34%) (2)		2012	330.0	--
Notes: 5.375% (effective rate of 5.58%) (2)		2007	125.0	--
			1,248.9	894.3
Peoples Gas System				
Senior Notes (8)				
10.35%		2007	4.2	5.0
10.33%		2008	5.6	6.4
10.3%		2009	7.2	7.8
9.93%		2010	7.4	8.0
8.0%		2012	25.4	27.5
Notes: 5.86% (1)		2002	--	50.0
Notes: 6.875% (effective rate of 6.98%) (2)		2012	40.0	40.0
Notes: 6.375% (effective rate of 7.34%) (2)		2012	70.0	--
Notes: 5.375% (effective rate of 5.58%) (2)		2007	25.0	--
			184.8	144.7
			1,433.7	1,039.0
Unamortized debt premium (discount), net			(7.1)	(2.0)
			1,426.6	1,037.0
Less amount due within one year (9)			81.0	156.1
Total long-term debt			$ 1,345.6	$ 880.9

(1) Composite year-end interest rate.
(2) These notes are subject to redemption in whole or in part, at any time, at the option of the company.
(3) Tax exempt securities.
(4) Proceeds of these bonds were used to refund bonds with interest rates of 11.625% - 12.625%. 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.
(5) 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.
(6) Proceeds on these bonds were used to refund bonds with interest rates of 5.75% - 8%.
(7) The interest rate on these bonds was fixed for a five-year term on Aug. 5, 2002.
(8) 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.
(9) Of the amount due in 2003, $0.8 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 to secure its first mortgage bonds and certain pollution control equipment is pledged to secure installment contracts payable. Maturities and annual sinking fund requirements of long-term debt for the years 2004, 2005, 2006 and 2007 are $5.3 million, $5.5 million, $5.9 million and $156.1 million, respectively. Of these amounts $0.8 million per year for 2003 through 2006 may be satisfied by the substitution of property in lieu of cash payments.

At Dec. 31, 2002, total long-term debt had a carrying amount of $1,352.6 million and an estimated fair market value of $1,440.8 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 accompanying notes are an integral part of the consolidated financial statements.

A. Summary of Significant Accounting Policies

The significant accounting policies are as follows:

Principles of Consolidation

Tampa Electric Company (the "company") is a wholly-owned subsidiary of TECO Energy, Inc. The company is comprised of the Electric division, generally referred to as Tampa Electric, and the Natural Gas division, generally referred to as Peoples Gas System (PGS).

All significant intercompany balances and intercompany transactions have been eliminated in consolidation.

The use of estimates is inherent in the preparation of financial statements in accordance with generally accepted accounting principles.

Deferred Credits and Other Liabilities

Other deferred credits primarily include the accrued post-retirement benefit liability and pension liability.

Revenue Recognition

Tampa Electric Company recognizes revenues in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin (SAB) 101, *Revenue Recognition in Financial Statements*. The criteria outlined in SAB 101 are that a) there is persuasive evidence that an arrangement exists; b) delivery has occurred or services have been rendered; c) the fee is fixed and determinable; and d) collectibility is reasonably assured. Except as discussed below, the company recognizes revenues on a gross basis when earned for the physical delivery of products or services and the risks and rewards of ownership have transferred to the buyer.

The regulated utilities' (Tampa Electric and Peoples Gas System) retail businesses and the prices charged to customers are regulated by the Florida Public Service Commission (FPSC). Tampa Electric's wholesale business is regulated by the Federal Energy Regulatory Commission (FERC). As a result, the regulated utilities qualify for the application of Financial Accounting Standard No. (FAS) 71, *Accounting for the Effects of Certain Types of Regulation*. See **Note D** for a discussion of the applicability of FAS 71 to the company.

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 power, conservation and environmental costs for Tampa Electric and purchased gas, interstate pipeline capacity and conservation costs for PGS. These adjustment factors are based on costs incurred and projected 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 charges.

In 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. In February 1995, the FPSC authorized the recovery of this buy-out amount plus carrying costs through the Fuel and Purchased Power Cost Recovery Clause over the 10-year period beginning April 1, 1995. In each of the years 2002, 2001 and 2000, $2.7 million 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.

The regulated utilities accrue base revenues for services rendered but unbilled to provide a closer matching of revenues and expenses.

Tampa Electric's objectives of stabilizing prices from 1996 through 1999 and securing fair earnings opportunities during this period were accomplished through a series of agreements entered into in 1996 with Florida's Office of Public Counsel (OPC) and the Florida Industrial Power Users Group which were approved by the FPSC. Prior to these agreements, the FPSC approved a plan submitted by Tampa Electric to defer certain 1995 revenues.

In general, under these agreements Tampa Electric was allowed to defer revenues in 1995 and 1996 during the construction of Polk Unit 1 and recognize these revenues in 1997 and 1998 after commercial operation of the unit. Other components of the agreements were a base rate freeze through 1999 and refunds to customers totaling $50 million during the period October 1996 through December 1998 while Tampa Electric was allowed recovery of the capital costs incurred for the Polk Unit 1 project.

In October 2000, the FPSC staff recommended a refund of $6.1 million for the final year of the agreements. OPC objected to certain interest expenses recognized in 1999 that were associated with prior years' tax positions and used to calculate the amount to be refunded. Following a review by the FPSC staff, the FPSC agreed in December 2000 that the original $6.1

million was to be refunded to customers. In February 2001, OPC protested the FPSC's decision. The FPSC held hearings on the issue in August 2001 and upheld its original decision. In January 2002, the OPC filed a motion with the FPSC asking for reconsideration of its decision, alleging the FPSC relied on erroneous information. This was not granted and Tampa Electric made refunds associated with 1999 earnings in 2002. Over the terms of the agreements, the company refunded in total about $69 million.

Since the expiration of the agreements, Tampa Electric is not under a new stipulation. Therefore, its rates and allowed return on equity (ROE) range of 10.75 percent to 12.75 percent with a midpoint of 11.75 percent are in effect until such time as changes are occasioned by an agreement approved by the FPSC or other FPSC actions as a result of rate or other proceedings initiated by Tampa Electric, FPSC staff or other interested parties. Tampa Electric expects to continue earning within its allowed ROE range.

On June 27, 2002, PGS filed a petition with the FPSC to increase its service rates. The requested rates would have resulted in a $22.6 million annual base revenue increase, reflecting a ROE midpoint of 11.75 percent.

On the date of the FPSC hearing, PGS agreed to a settlement with all parties involved, and a final FPSC order was granted on Dec. 17, 2002. PGS received authorization to increase annual base revenues by $12.05 million. The new rates allow for an ROE range of 10.25 to 12.25 percent with an 11.25 percent midpoint ROE and a capital structure with 57.43 percent equity. The increase went into effect on Jan. 16, 2003.

Purchased Power

Tampa Electric purchases power on a regular basis primarily to meet the needs of its retail customers. For the years ended Dec. 31, 2002, 2001 and 2000, Tampa Electric purchased power of $253.7 million, $209.7 million and $192.1 million, respectively. These purchased power costs are recoverable through an FPSC-approved cost recovery clause.

Planned Major Maintenance

Tampa Electric expenses major maintenance costs as incurred. Concurrent with a planned major maintenance outage, the cost of adding or replacing retirement units-of-property is capitalized in conformity with FPSC and FERC regulations.

Depreciation

Tampa Electric 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 4.2% for 2002 and 2001, and 4.1% for 2000.

The original cost of utility plant retired or otherwise disposed of and the cost of removal less salvage are charged to accumulated depreciation. The implementation of FAS 143, *Accounting for Asset Retirement Obligations* in 2003 will result in the carrying amount of long-lived assets being increased, and this adjusted capitalized amount depreciated over the useful life of the asset. (See **Note N – Accounting for Asset Retirement Obligations.**)

Accounting for Excise Taxes, Franchise Fees and Gross Receipts

Tampa Electric Company is allowed to recover certain costs incurred from customers through prices approved by the regulatory process. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Statement of Income. These amounts totaled $73.8 million, $71.1 million and $59.7 million, respectively, for 2002, 2001 and 2000. Franchise fees and gross receipt taxes payable by the company are included as an expense on the Consolidated Statement of Income in Taxes, other than income. For 2002, 2001 and 2000 these totaled $73.7 million, $71.0 million and $59.8 million, respectively.

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 2002, 2001, and 2000. Total AFUDC for 2002, 2001 and 2000 was $34.5 million, $9.2 million and $2.3 million, respectively. The base on which AFUDC is calculated excludes construction work in progress, which has been included in rate base.

Deferred Income Taxes

The company utilizes the liability method 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 PGS 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.

Asset Impairments

Effective Jan. 1, 2002, Tampa Electric Company adopted FAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which supersedes FAS 121, *Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of.* FAS 144 addresses accounting and reporting for the impairment or disposal of long-lived assets, including the disposal of a segment of a business.

The company periodically assesses whether there has been a permanent impairment of its long-lived assets and certain intangibles held and used by the company, in accordance with FAS 144, and prior to 2002 with FAS 121. Tampa Electric Company has not recorded any impairment adjustments.

Restrictions on Dividend Payments and Transfer of Assets

Tampa Electric's first mortgage bonds and certain of PGS' long-term debt issues contain provisions that limit the dividend payment on Tampa Electric Company's common stock. At Dec. 31, 2002, substantially all of the company's retained earnings were available for dividends on its common stock.

Lease Accounting Amendment

In April 2002, the Financial Accounting Standards Board (FASB) issued FAS 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections.* In addition to rescinding the aforementioned statements, FAS 145 amends FAS 13, *Accounting for Leases*, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The implementation of FAS 145 has not had a significant impact on Tampa Electric Company's results.

Reclassifications

Certain prior year amounts were reclassified to conform with current year presentation.

B. Derivatives and Hedging

From time to time, Tampa Electric Company enters into futures, forwards, swaps and option contracts to limit the exposure to price fluctuations for physical purchases and sales of natural gas in the course of normal operations at Tampa Electric and PGS.

The company uses derivatives only to reduce normal operating and market risks, not for speculative purposes. The company's primary objective in using derivative instruments for regulated operations is to reduce the impact of market price volatility on ratepayers.

The risk management policies adopted by the company provide a framework through which management monitors various risk exposures. Daily and periodic reporting of positions and other relevant metrics are performed by a centralized risk management group which is independent of all operating companies.

Effective Jan. 1, 2001, the company adopted FAS 133, *Accounting for Derivative Instruments and Hedging Activities.* The new standard requires companies to recognize derivatives as either assets or liabilities in the financial statements, to measure those instruments at fair value, and to reflect the changes in the fair value of those instruments as either components of other comprehensive income (OCI) or in net income, depending on the designation of those instruments. The changes in fair value that are recorded in OCI are not immediately recognized in current net income. As the underlying hedged transaction matures or the physical commodity is delivered, the deferred gain or the loss on the related hedging instrument must be reclassified from OCI to earnings based on its value at the time of its reclassification. For effective hedge transactions, the amount reclassified from OCI to earnings is offset in net income by the amount paid or received on the underlying physical transaction. Additionally, amounts defined in OCI related to an effective designated cash flow hedge must be reclassified to current earnings if the anticipated hedged transaction is no longer probable of occurring.

At Dec. 31, 2002, the company had derivative assets totaling $3.4 million. At Dec. 31, 2001, the company had derivative liabilities totaling $0.1 million. At Dec. 31, 2001, accumulated OCI included $0.1 million of unrealized after-tax losses, representing the fair value of cash flow hedges whose transactions will occur in the future. There were no amounts recorded in OCI as of Dec. 31, 2002. Amounts recorded in OCI reflect the value of derivative instruments designated as hedges, based on market prices as of the balance sheet date. These amounts are expected to fluctuate with movements in market prices and may or may not be realized as a loss upon future reclassification from OCI.

As of Dec. 31, 2002, the company had transactions in place to hedge commodity price that qualify for cash flow hedge accounting treatment under FAS 133. During 2002, the company reclassified net pretax gains of $0.2 million to earnings for cash flow hedges, compared to pretax losses of $0.7 million in 2001. Amounts reclassified from OCI were primarily related to cash flow hedges of physical purchases of natural gas. For these types of hedge relationships, the loss on the derivative, reclassified from OCI to earnings, is offset by the reduced expense arising from lower prices paid for spot purchases of natural gas. Conversely, reclassification of a gain from OCI to earnings is offset by the increased cost of spot purchases of natural gas.

Based on the fair values at Dec. 31, 2002, pretax gains of $3.4 million are expected to be reversed from OCI to the Consolidated Statement of Income within the next twelve months. However, these gains and other future reclassifications from OCI will fluctuate with movements in the underlying market price of the derivative instruments. The company does not currently have any cash flow hedges for transactions forecasted to take place in periods subsequent to 2003.

C. Goodwill and Other Intangible Assets

Effective Jan. 1, 2002, Tampa Electric Company adopted FAS 141, *Business Combinations*, and FAS 142, *Goodwill and Other Intangible Assets*. FAS 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. With the adoption of FAS 142, goodwill is no longer subject to amortization. Rather, goodwill is subject to an annual assessment for impairment by applying a fair-value-based test. Under the new rules, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquiror's intent to do so. These intangible assets are required to be amortized over their useful lives. The company has no recorded goodwill.

D. Regulatory Assets and Liabilities

Tampa Electric and PGS maintain their accounts in accordance with recognized policies of the FPSC. In addition, Tampa Electric maintains its accounts in accordance with recognized policies prescribed or permitted by the FERC. These policies conform with generally accepted accounting principles in all material respects.

Tampa Electric and PGS apply the accounting treatment permitted by FAS 71, *Accounting for the Effects of Certain Types of Regulation*. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel; purchased power, conservation and environmental costs; and deferral of costs as regulatory assets when cost recovery is ordered over a period longer than a fiscal year, to the period that the regulatory agency recognizes them. Details of the regulatory assets and liabilities as of Dec. 31, 2002 and 2001 are presented in the following table:

Regulatory Assets and Liabilities

(millions) Dec. 31,	*2002*	*2001*
Regulatory assets:		
Regulatory tax asset (1)	$ 54.9	$ 41.3
Other:		
Cost recovery clauses	34.7	105.2
Coal contract buy-out (2)	5.4	8.1
Unamortized refinancing costs (3)	35.9	13.7
Environmental remediation	20.3	22.3
Competitive rate adjustment	7.4	5.9
Other	4.6	1.8
	108.3	157.0
Total regulatory assets	$ 163.2	$ 198.3
Regulatory liabilities:		
Regulatory tax liability (1)	$ 36.6	$ 43.1
Other:		
Deferred allowance auction credits	2.1	1.1
Cost recovery clauses	2.2	0.5
Revenue refund	—	6.3
Environmental remediation	20.3	22.3
Transmission and distribution storm reserve	36.0	32.0
Deferred gain on property sales(4)	0.9	0.9
	61.5	63.1
Total regulatory liabilities	$ 98.1	$ 106.2

(1) Related primarily to plant life. Includes excess deferred taxes of $20.9 million and $24.6 million as of Dec. 31, 2002 and 2001, respectively.

(2) Amortized over a 10-year period ending December 2004.

(3) Unamortized refinancing costs:

Related to debt transactions as follows (millions):	Amortized until:
$ 155.0	2003
$ 51.6	2005
$ 22.1	2007
$ 25.0	2011
$ 50.0	2011
$ 150.0	2012
$ 150.0	2012
$ 85.9	2014
$ 25.0	2021
$ 100.0	2022

(4) Amortized over a 5-year period with various ending dates.

E. Short-term Debt

Notes payable consisted primarily of commercial paper with weighted average interest rates of 1.86% and 1.99% at Dec. 31, 2002 and 2001, respectively. The carrying amount of notes payable approximated fair market value because of the short maturity of these instruments. Tampa Electric has a bank credit facility of $300 million with a maturity date of November 2003. None of the credit facility was drawn at Dec. 31, 2002. The credit facility requires commitment fees of 15 basis points and drawn amounts are charged interest at LIBOR plus 87–97.5 basis points at current ratings.

F. Common Stock

Tampa Electric Company is a wholly owned subsidiary of TECO Energy, Inc.

(millions, except per share amounts)	*Common Stock Shares*	*Common Stock Amount*	*Issue Expense*	*Total*
Balance Dec. 31, 1999	10	$ 1,043.8	$ (0.7)	$ 1,043.1
Contributed capital from parent	--	105.0	--	105.0
Balance Dec. 31, 2000	10	1,148.8	(0.7)	1,148.1
Contributed capital from parent	--	170.0	--	170.0
Balance Dec. 31, 2001	10	1,318.8	(0.7)	1,318.1
Contributed capital from parent	--	217.0	--	217.0
Balance Dec. 31, 2002	10	$ 1,535.8	$ (0.7)	$ 1,535.1

G. Comprehensive Income

FAS 130, *Reporting Comprehensive Income*, requires that comprehensive income, which includes net income as well as certain changes in assets and liabilities recorded in common equity, be reported in the financial statements. Tampa Electric Company reported the following comprehensive income (loss) in 2002 and 2001 related to changes in the fair value of cash flow hedges. There was no comprehensive income (loss) for 2000.

Comprehensive Income (loss)

(millions)	*Gross*	*Tax*	*Net*
2002			
Unrealized (loss) gain on cash flow hedges	$ 0.3	$ 0.1	$ 0.2
Less: Loss (gain) reclassified to net income	(0.2)	(0.1)	(0.1)
Total other comprehensive income (loss)	$ 0.1	$ --	$ 0.1
2001			
Unrealized (loss) gain on cash flow hedges	$ (0.8)	$ (0.3)	$ (0.5)
Less: Loss (gain) reclassified to net income	0.7	0.3	0.4
Total other comprehensive income (loss)	$ (0.1)	$ --	$ (0.1)

H. Employee Postretirement Benefits

Pension Benefits

Tampa Electric Company is a participant in the comprehensive retirement plans of TECO Energy, including a non-contributory defined benefit retirement plan which covers substantially all employees. On April 1, 2000, the plan was amended to provide for benefits to be earned and payable substantially on a lump sum basis through an age and service credit schedule for eligible participants leaving the company on or after July 1, 2001. Other significant provisions of the plan, such as eligibility, definitions of credited service, final average earnings, etc., were largely unchanged. This amendment resulted in decreased pension expense at TECO Energy of approximately $0.8 million and $2.0 million in 2001 and 2000, respectively, and a reduction of benefit obligation of $6.2 million and $14.4 million at Sept. 30, 2001 and 2000, respectively.

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 53 percent of plan assets were invested in common stocks and 47 percent in fixed income investments at Sept. 30, 2002.

Amounts shown also include the unfunded obligations for the supplemental executive retirement plan, non-qualified, non-contributory defined benefit retirement plans available to certain senior management. TECO Energy reported other comprehensive loss of $4.4 million in 2002 and other comprehensive income of $0.3 million and $2.0 million in 2001 and 2000, respectively, related to adjustments to the minimum pension liability associated with the supplemental executive retirement plan.

In 2001, TECO Energy elected to change the measurement date for pension obligations and plan assets from Dec. 31 to Sept. 30. The effect of this accounting change is not material.

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 periodic pension benefit expense

(millions)	*2002*	*2001*	*2000*
Service cost (benefits earned during the period)	$ 11.8	$ 11.2	$ 10.7
Interest cost on projected benefit obligations	28.7	27.9	27.5
Expected return on assets	(42.9)	(42.0)	(40.8)
Amortization of:			
Transition obligation (asset)	(1.1)	(1.1)	(1.0)
Prior service cost (benefit)	(0.5)	(0.5)	0.2
Actuarial (gain) loss	(3.7)	(4.4)	(5.6)
Pension expense (benefit)	(7.7)	(8.9)	(9.0)
Special termination benefit charge	2.7	—	1.1
Additional amounts recognized	—	—	—
Net pension expense (benefit) recognized in the Consolidated Statements of Income (1)	$ (5.0)	$ (8.9)	$ (7.9)

(1) Tampa Electric Company's portion was ($7.8) million, ($10.4) million and ($9.4) million for 2002, 2001 and 2000, respectively.

Reconciliation of the funded status of the retirement plan and the accrued pension prepayment/(liability)

(millions)	*2002*	*2001*
Change in benefit obligation		
Net benefit obligation at prior measurement date	$ 382.3	$ 379.9
Service cost	11.8	11.2
Interest cost	28.7	27.9
Actuarial (gain) loss	58.3	(8.7)
Plan amendments	1.1	(6.2)
Special termination benefits	2.7	—
Gross benefits paid	(29.8)	(21.8)
Net benefit obligation at measurement date	$ 455.1	$ 382.3
Change in plan assets		
Fair value of plan assets at prior measurement date	$ 428.0	$ 493.8
Actual return on plan assets	(24.9)	(43.7)
Employer contributions	1.7	2.1
Gross benefits paid (including expenses)	(32.9)	(24.2)
Fair value of plan assets at measurement date	$ 371.9	$ 428.0
Funded status		
Funded status at measurement date	$ (83.2)	$ 45.7
Net contributions after measurement date	0.4	0.4
Unrecognized net actuarial (gain) loss	88.9	(44.0)
Unrecognized prior service cost (benefit)	(7.4)	(9.0)
Unrecognized net transition obligation (asset)	(2.5)	(3.6)
Accrued liability at end of year	$ (3.8)	$ (10.5)
Amounts recognized in the statement of financial position		
Prepaid benefit cost	$ 14.7	$ 6.3
Accrued benefit cost	(18.5)	(16.8)
Additional minimum liability	(13.8)	(6.2)
Intangible asset	1.5	1.1
Accumulated other comprehensive income	12.3	5.1
Net amount recognized at end of year	$ (3.8)	$ (10.5)
Assumptions used in determining actuarial valuations		
Discount rate to determine projected benefit obligation	6.75%	7.5%
Rate of increase in compensation levels	4.8%	4.7%
Plan asset growth rate through time	9.0%	9.0%

Other Postretirement Benefits

Tampa Electric provides certain postretirement health care and life insurance benefits for substantially all employees retiring after age 50 meeting certain service requirements. The company contribution toward health care coverage for most employees who retired after the age of 55 between Jan. 1, 1990 and June 30, 2001, is limited to a defined dollar benefit based on years of service. On April 1, 2000, the company adopted changes to this program for participants retiring from the company on or after July 1, 2001. The company contribution toward pre-65 and post-65 health care coverage for most employees retiring on or after July 1, 2001 is limited to a defined dollar benefit based on an age and service schedule. The impact of this amendment, including a change in the company's commitment for future retirees combined with a grandfathering provision for current retired participants, resulted in a reduction in the benefit obligation of $1.4 million in 2001. Postretirement benefit levels are substantially unrelated to salary. The company reserves the right to terminate or modify the plans in whole or in part at any time.

In 2001, the company elected to change the measurement date for benefit obligations from Dec. 31 to Sept. 30. The effect of this accounting change was not material.

Components of postretirement benefit cost

(millions)	*2002*	*2001*	*2000*
Service cost (benefits earned during the period)	$ 2.4	$ 2.3	$ 2.0
Interest cost on projected benefit obligations	8.6	8.4	7.0
Amortization of:			
Transition obligation (straight line over 20 years)	2.1	2.1	2.1
Prior service cost	1.7	1.7	1.5
Actuarial loss/(gain)	0.1	0.3	(0.2)
Pension expense	14.9	14.8	12.4
Special termination benefits	0.6	--	0.2
Additional amounts recognized	(0.1)	--	(0.2)
Net periodic postretirement benefit expense	$ 15.4	$ 14.8	$ 12.4

Reconciliation of the funded status of the postretirement benefit plan and the accrued liability

(millions)	*2002*	*2001*
Change in benefit obligation		
Net benefit obligation at prior measurement date	$ 114.8	$ 103.9
Service cost	2.4	2.3
Interest cost	8.6	8.4
Plan participants' contributions	0.8	0.7
Actuarial loss	17.3	5.8
Plan amendments	--	(1.4)
Special termination benefits	0.6	--
Gross benefits paid	(5.7)	(4.9)
Net benefit obligation at measurement date	$ 138.8	$ 114.8
Change in plan assets		
Fair value of plan assets at prior measurement date	--	--
Employer contributions	4.9	4.2
Plan participants' contributions	0.8	0.7
Gross benefits paid (including expenses)	(5.7)	(4.9)
Fair value of plan assets at measurement date	$ --	$ --
Funded status		
Funded status at measurement date	$ (138.8)	$ (114.8)
Net contributions after measurement date	1.5	1.2
Unrecognized net actuarial loss	29.5	12.2
Unrecognized prior service cost	20.3	22.0
Unrecognized net transition obligation	21.1	23.2
Accrued liability at end of year	$ (66.4)	$ (56.2)
Assumptions Used in Determining Actuarial Valuations		
Discount rate to determine projected benefit obligation	6.75%	7.5%

The assumed health care cost trend rate for medical costs was 12.5% in 2002 and decreases to 5.0% in 2013 and thereafter.

A 100 basis point increase in the medical trend rates would produce a 7 percent ($0.8 million) increase in the aggregate service and interest cost for 2002, and a 5 percent ($7.2 million) increase in the accumulated postretirement benefit obligation as of Sept. 30, 2002.

A 100 basis point decrease in the medical trend rates would produce a 3 percent ($0.4 million) decrease in the aggregate service and interest cost for 2001 and a 3 percent ($3.8 million) decrease in the accumulated postretirement benefit obligation as of Sept. 30, 2001.

I. Income Tax Expense

Tampa Electric Company is included in the filing of a consolidated federal income tax return with TECO Energy and its affiliates. Tampa Electric Company's income tax expense is based upon a separate return computation. Income tax expense consists of the following:

Income Tax Expense

(millions)	*Federal*	*State*	*Total*
2002			
Currently payable	$ 66.7	$ 14.9	$ 81.6
Deferred	23.2	0.4	23.6
Amortization of investment tax credits	(4.4)	--	(4.4)
Total income tax expense	$ 85.5	$ 15.3	100.8
Included in other income, net			0.5
Included in operating expenses			$ 100.3
2001			
Currently payable	$ 88.6	$ 15.7	$ 104.3
Deferred	(1.3)	(0.7)	(2.0)
Amortization of investment tax credits	(4.4)	--	(4.4)
Total income tax expense	$ 82.9	$ 15.0	97.9
Included in other income, net			0.2
Included in operating expenses			$ 97.7
2000			
Currently payable	$ 128.3	$ 11.4	$ 139.7
Deferred	(42.5)	3.1	(39.4)
Amortization of investment tax credits	(4.4)	--	(4.4)
Total income tax expense	$ 81.4	$ 14.5	95.9
Included in other income, net			0.1
Included in operating expenses			$ 95.8

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:

Deferred Income Tax Assets and Liabilities

(millions) Dec. 31,	*2002*	*2001*
Deferred tax assets (1)		
Property related	$ 90.3	$ 106.1
Leases	3.5	3.9
Insurance reserves	17.7	16.5
Early capacity payments	6.0	6.5
Other	--	3.2
Total deferred income tax assets	117.5	136.2
Deferred income tax liabilities (1)		
Property related	(499.5)	(461.2)
Other	32.2	19.6
Total deferred income tax liabilities	(467.3)	(441.6)
Accumulated deferred income taxes	$ (349.8)	$ (305.4)

(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:

Effective Income Tax Rate

(millions)	*2002*	*2001*	*2000*
Net income	$ 196.0	$ 177.1	$ 166.3
Total income tax provision	100.8	97.9	95.9
Income before income taxes	$ 296.8	$ 275.0	$ 262.2
Income taxes on above at federal statutory rate of 35%	$ 103.8	$ 96.2	$ 91.7
Increase (decrease) due to			
State income tax, net of federal income tax	10.0	9.8	9.5
Amortization of investment tax credits	(4.4)	(4.5)	(4.4)
Equity portion of AFUDC	(8.7)	(2.3)	(0.5)
Other	0.1	(1.3)	(0.4)
Total income tax provision	$ 100.8	$ 97.9	$ 95.9
Provision for income taxes as a percent of income before income taxes	34.0%	35.6%	36.6%

J. Related Party Transactions

Tampa Electric and TECO-Panda Generating Company (TPGC) II, an affiliate of TECO Power Services, Inc., entered into an assignment and assumption agreement whereby Tampa Electric obtained TPGC II's rights and interests to four combustion turbines being purchased from General Electric, and assumed the corresponding liabilities and obligations for such equipment. In accordance with the terms of the assignment and assumption agreement, Tampa Electric paid $62.5 million to TPGC II as reimbursement for amounts already paid to General Electric by TPGC II for such equipment.

A summary of activities between Tampa Electric Company and its affiliates follows:

Net transactions with affiliates:

(millions)	*2002*	*2001*	*2000*
Fuel and interchange related, net	$ 144.9	$ 162.0	$ 155.7
Administrative and general, net	$ 10.7	$ 22.1	$ 24.7

Amounts due from or to affiliates of the company at Dec. 31,

(millions)	*2002*	*2001*
Accounts receivable (1)	$ 6.6	$ 7.5
Accounts payable (1)	$ 23.6	$ 13.0

(1) Accounts receivable and accounts payable were incurred in the ordinary course of business and do not bear interest.

K. Segment Information

Tampa Electric Company is a public utility operating within the state of Florida. Through its Tampa Electric division, it is engaged in the generation, purchase, transmission, distribution and sale of electric energy to almost 598,000 customers in West Central Florida. Its Peoples Gas System division is engaged in the purchase, distribution and marketing of natural gas for more than 281,000 residential, commercial, industrial and electric power generation customers in the state of Florida.

Segment Information

(millions)		*Revenues*	*Net Income*	*Depreciation*	*Assets at Dec. 31,*	*Capital Expenditures*
2002						
	Tampa Electric	$ 1,583.2 (1)	$ 171.8	$ 189.8	$ 3,745.8	$ 632.2
	Peoples Gas System	318.1	24.2	30.5	592.0 (2)	53.5
	Other and eliminations	(0.7)	--	--	--	--
	Tampa Electric Company	$ 1,900.6	$ 196.0	$ 220.3	$ 4,337.8	$ 685.7
2001						
	Tampa Electric	$ 1,412.7 (1)	$ 154.0	$ 173.4	$ 3,328.0	$ 426.3
	Peoples Gas System	352.9	23.1	27.9	551.2 (2)	73.0
	Other and eliminations	(0.9)	--	--	--	--
	Tampa Electric Company	$ 1,764.7	$ 177.1	$ 201.3	$ 3,879.2	$ 499.3
2000						
	Tampa Electric	$ 1,353.8 (1)	$ 144.5	$ 161.6	$ 3,014.2	$ 267.1
	Peoples Gas System	314.5	21.8	25.8	535.6 (2)	82.2
	Other and eliminations	(0.9)	--	--	--	--
	Tampa Electric Company	$ 1,667.4	$ 166.3	$ 187.4	$ 3,549.8	$ 349.3

(1) Revenues from sales to affiliates were $34.4 million, $32.6 million and $32.4 million in 2002, 2001 and 2000, respectively.

(2) Includes a regulatory asset for estimated environmental remediation of $20.3 million at Dec. 31, in 2002 and $22.3 million at Dec. 31, 2001 and 2000.

L. Commitments and Contingencies

Capital Investments

For 2003, Tampa Electric expects to spend $232 million, consisting of $78 million for the repowering project at the Gannon Station, and $154 million to support system growth and generation reliability. Tampa Electric's estimated capital expenditures over the 2004-2007 period are projected to be $841 million, including $67 for the Gannon repowering project. At the end of 2002, Tampa Electric had outstanding commitments of about $119 million for the Gannon repowering project.

Capital expenditures for PGS are expected to be about $40 million in 2003 and $160 million during the 2004-2007 period. Included in these amounts are approximately $25 million annually for projects associated with customer growth and system expansion. The remainder represents capital expenditures for ongoing maintenance and system safety.

Superfund and Former Manufactured Gas Plant Sites

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas 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, as of Dec. 31, 2002, Tampa Electric Company has estimated its ultimate financial liability to be $20 million, and this amount has been accrued in the company's financial statements. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

The estimated amounts represent only the estimated portion of the cleanup costs attributable to Tampa Electric Company. The estimates to perform the work are based on actual estimates obtained from contractors, or Tampa Electric Company's experience with similar work adjusted for site specific conditions and agreements with the respective governmental agencies. The estimates are made in current dollars, are not discounted and do not assume any insurance recoveries.

Allocation of the responsibility for remediation costs among Tampa Electric and other potentially responsible parties (PRPs) is based on each parties relative ownership interest in or usage of a site. Accordingly, Tampa Electric's share of remediation costs varies with each site. In virtually all instances where other PRPs are involved, those PRPs are considered creditworthy.

Factors that could impact these estimates include the ability of other PRPs to pay their pro rata portion of the cleanup costs, additional testing and investigation which could expand the scope of the cleanup activities, additional liability that might arise from the cleanup activities themselves or changes in laws or regulations that could require additional remediation. These costs are recoverable through customer rates established in subsequent base rate proceedings.

Guarantees and Letters of Credit

Tampa Electric Company has outstanding letters of credit of $0.9 million at Dec. 31, 2002, which guarantee performance to third parties related to debt service.

In addition, Tampa Electric Company includes indemnity clauses, in the normal course of business, in certain agreements with vendors and other third parties. Such clauses may provide indemnification to the counter-party for certain amounts such as legal fees, environmental remediation costs and other similar costs arising from potential future events or changes in laws or regulations. As these agreements cover a variety of goods and services, and have varying triggering events dependent on actions by third parties, Tampa Electric Company is unable to estimate the maximum potential future exposure under these clauses. As claims are made or changes in laws or regulations indicate, an amount related to the indemnification is reflected in the financial statements.

Financial Covenants

A summary of Tampa Electric's significant financial covenants is as follows:

Tampa Electric Significant Financial Covenants

(millions) *Instrument*	*Financial Covenant (1)*	*Requirement/ Restriction*	*Calculation at Dec. 31, 2002*
Tampa Electric			
Mortgage bond indenture	Dividend restriction	Cumulative distributions cannot exceed cumulative net income plus $4	$189 unrestricted
PGS senior notes	EBIT/interest	Minimum of 2.0 times	3.7 times
	Restricted payments	Shareholder equity at least $500	$1,838
	Funded debt/capital	Cannot exceed 65%	44.8%
	Sale of assets	Less than 20% of total assets	0%
Credit facility	Debt/capital	Cannot exceed 60%	43.9%
	EBITDA/interest	Minimum of 2.5 times	7.8 times

(1) As defined in applicable instrument.

N. New Accounting Pronouncements

Accounting for Asset Retirement Obligations

In July 2001, the FASB issued FAS 143, *Accounting for Asset Retirement Obligations*, which requires the recognition of a liability at fair value for an asset retirement obligation in the period in which it is incurred. Retirement obligations associated with long-lived assets included within the scope of FAS 143 are those for which there is a legal obligation to settle under existing or enacted law, statute, written or oral contract, or by legal construction under the doctrine of promissory estoppel. Retirement obligations are included in the scope of the standard only if the legal obligation exists in connection with or as a result of the permanent retirement, abandonment or sale of a long-lived asset.

When the liability is initially recorded, the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its future value. The corresponding amount capitalized at inception is depreciated over the useful life of the asset. The liability must be revalued each period based on current market prices. FAS 143 is effective for fiscal years beginning after June 15, 2002. The adoption of FAS 143 is not anticipated to have a material impact on Tampa Electric's results.

Exit or Disposal Costs

In July 2002, the FASB issued FAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*, which addresses the accounting for costs under certain circumstances, including costs to terminate a contract that is not a capital lease, costs to consolidate facilities or relocate employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred compensation contract. FAS 146 is effective for disposal activities initiated after Dec. 31, 2002 with early adoption allowed.

Tampa Electric Company opted to adopt early FAS 146 in 2002. Early retirements were accepted by 52 employees at Tampa Electric's electric division in mid-2002. Costs associated with this program were approximately $6.3 million and were recognized in operation expenses in the third quarter of 2002. In the fourth quarter of 2002, Tampa Electric Company initiated an additional restructuring program that impacted approximately 130 employees. This program includes retirements, the elimination of positions and other cost control measures. The total costs associated with this program, including severance, salary continuance through the end of 2002 and other benefit costs, were approximately $12 million and were recognized in the fourth quarter of 2002.

Guarantees

In November 2002, the FASB issued Interpretation No. (FIN) 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of others (an interpretation of FAS Nos. 5, 57, and 107 and rescission of FAS Interpretation No. 34)*, which modifies the accounting and enhances the disclosure of certain types of guarantees. FIN 45 requires that upon issuance of certain guarantees, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee. FIN 45's provisions for the initial recognition and measurement are to be applied to guarantees issued or modified after Dec. 31, 2002. The disclosure requirements are effective for financial statements of annual periods that end after Dec. 15, 2002 (see **Note L**).

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

During the period Jan. 1, 2001 to the date of this report, neither TECO Energy nor Tampa Electric Company has had or has 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 III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

(a) The information required by Item 10 with respect to the directors of the registrant is included under the caption "Election of Directors" on pages 1 through 3 of TECO Energy's definitive proxy statement, dated March 7, 2003, for its Annual Meeting of Shareholders to be held on April 22, 2003 (Proxy Statement) and is incorporated herein by reference.

(b) The information required by Item 10 concerning executive officers of the registrant is included under the caption "Executive Officers of the Registrant" on page 19 of this report.

(c) The information required by Item 10 concerning Section 16(a) Beneficial Ownership Reporting Compliance is included under that caption on page 18 of the Proxy Statement and is incorporated herein by reference.

(d) TECO Energy has had a code of ethics applicable to all of its employees and officers for many years. It was expanded to apply to the Board of Directors in 2002. The text of the *Standards of Integrity* is available on the company's website at www.tecoenergy.com under Investor Relations. Any amendments to or waivers of the *Standards of Integrity* for the benefit of any executive officer or director will also be posted on the website.

(e) Information regarding TECO Energy's Audit Committee is included on pages 4 and 17 of the Proxy Statement. The Board of Directors has determined that at least one of the independent directors serving on the Audit Committee, Mr. Sherrill Hudson, is an audit committee financial expert, as that term has been defined by the SEC.

Item 11. EXECUTIVE COMPENSATION.

The information required by Item 11 is included in the Proxy Statement beginning on page 6 under the caption "Shareholder Return Performance Graph" and ending on page 13 just above the caption "Shareholder Proposals", and under the caption "Compensation of Directors" on page 4, and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by Item 12 is included under the caption "Share Ownership" on pages 5 and 6 of the Proxy Statement and is incorporated herein by reference.

Equity Compensation Plan Information

(thousands, except per share price)	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans/arrangements approved by the stockholders			
1996 Equity Incentive Plan	6,416	$ 25.94	4,288
1997 Director Equity Plan	206	$ 25.31	270
	6,622	$ 25.92	4,558
Equity compensation plans/arrangements not approved by the stockholders			
None	--	--	--
Total	6,622	$ 25.92	4,558

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by Item 13 is included under the caption "Certain Relationships and Related Transactions" on pages 5 and 6 of the Proxy Statement and is incorporated herein by reference.

Item 14. CONTROLS AND PROCEDURES

TECO Energy, Inc.

(a) **Evaluation of Disclosure Controls and Procedures**. TECO Energy's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of TECO Energy's disclosure controls and procedures (as such term is defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, TECO Energy's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to TECO Energy (including its consolidated subsidiaries) required to be included in TECO Energy's reports filed or submitted under the Exchange Act.

(b) **Changes in Internal Controls**. Since the Evaluation Date, there have not been any significant changes in TECO Energy's internal controls or in other factors that could significantly affect such controls.

Tampa Electric Company

(a) **Evaluation of Disclosure Controls and Procedures**. Tampa Electric Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of Tampa Electric's disclosure controls and procedures (as such term is defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, Tampa Electric's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to Tampa Electric (including its consolidated subsidiaries) required to be included in Tampa Electric's reports filed or submitted under the Exchange Act.

(b) **Changes in Internal Controls**. Since the Evaluation Date, there have not been any significant changes in Tampa Electric's internal controls or in other factors that could significantly affect such controls.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a)
1. TECO Energy, Inc. Financial Statements - See index on page 64
2. Tampa Electric Company Financial Statements - See index on page 104
3. TECO Energy, Inc. Financial Statement Schedules - See index on page 64
4. Tampa Electric Company Financial Statement Schedules - See index on page 104
5. Exhibits - See index beginning on page 139

(b) **Reports on Form 8-K**

TECO Energy, Inc. filed the following reports on Form 8-K during the last quarter of 2002.

1. The registrant filed a Current Report on Form 8-K on Oct. 8, 2002 under "Item 5. Other Events" and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", reporting on TECO Energy's preliminary third quarter results and announcing its plan to conduct a public offering of its common stock.

2. The registrant filed a Current Report on Form 8-K on Oct. 11, 2002 under "Item 5. Other Events" and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", furnishing certain exhibits for incorporation by reference into the Registration Statement on Form S-3 previously filed with the Securities and Exchange Commission (File No. 333-83958).

3. The registrant filed a Current Report on Form 8-K on Nov. 5, 2002 under "Item 9. Regulation FD Disclosure", reporting that the press release for the third quarter earnings, along with additional third quarter financial information, including unaudited financial statements and other financial data, could be found on the registrant's website.

4. The registrant filed a Current Report on Form 8-K on Nov. 12, 2002 under "Item 5. Other Events" and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", reporting TECO Energy's progress on its business plan, credit facilities and bond exchange and responding to investor concerns.

5. The registrant filed a Current Report on Form 8-K on Nov. 15, 2002 under "Item 5. Other Events", and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", announcing that TECO Energy agreed to sell a new series of five-year notes to refinance an earlier series of notes.

6. The registrant filed a Current Report on Form 8-K on Nov. 15, 2002 under "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", furnishing the Credit Agreement among Tampa Electric Company, as borrower, Citibank, N.A., as Administrative Agent, Salomon Smith Barney, Inc., as Lead Arranger, Morgan Stanley Senior Funding, Inc., and The Bank of New York, as Co-Syndication Agents, and Bank of America, N.A., as Documentation Agent.

7. The registrant filed a Current Report on Form 8-K on Nov. 20, 2002 under "Item 5. Other Events", and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", to furnish certain exhibits including the Purchase Agreement, Eighth Supplemental Indenture, and Registration Rights Agreements for the sales of Notes in private transactions in conformance with Rule 144A under the Securities Act of 1933, as amended.

8. The registrant filed a Current Report on Form 8-K/A on Nov. 21, 2002 under "Item 5. Other Events", and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", to furnish, due to a printer error in submitting the Current Report on Nov. 20, 2002, a complete copy of the Purchase Agreement for the sales of notes in private transactions in conformance with Rule 144A under the Securities Act of 1933, as amended.

9. The registrant filed a Current Report on Form 8-K on Dec. 18, 2002 under "Item 5. Other Events", and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", reporting that Peoples Gas System had received Florida Public Service Commission authorization to increase the annual gross revenues of the company.

10. The registrant filed a Current Report on form 8-K on Dec. 19, 2002 under "Item 5. Other Events" and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", filing audited historical financial statements for the years ended Dec. 31, 2001, 2002 and 1999 in connection with (1) the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", (2) the adoption of the consensus reached through the deliberations of Emerging Issues Task Force No. 02-03, "Issues Related to Accounting for Contracts Involved in Energy Trading and Risk Management Activities" and (3) its announced intent to sell the TECO Coalbed Methane gas assets, requiring its reclassification as discontinued operations.

11. The registrant filed a Current Report on Form 8-K on Dec. 20, 2002 under "Item 5. Other Events" and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", reporting that TECO Energy, Inc.'s TECO Coalbed Methane subsidiary had completed the sale of substantially all of its assets in Alabama to the Municipal Gas Authority of Georgia.

TECO Energy, Inc. filed the following reports on Form 8-K subsequent to Dec. 31, 2002.

1. The registrant filed a Current Report on Form 8-K dated Jan. 22, 2003, under "Item 5. Other Events" and "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", reporting on TECO Energy's full-year 2002 financial results.

Tampa Electric Company filed the following report on Form 8-K during the last quarter of 2002.

1. The registrant filed a Current Report on Form 8-K on Nov. 15, 2002 under "Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits", furnishing the Credit Agreement among Tampa Electric Company, as borrower, Citibank, N.A., as Administrative Agent, Salomon Smith Barney, Inc., as Lead Arranger, Morgan Stanley Senior Funding, Inc., and The Bank of New York, as Co-Syndication Agents, and Bank of America, N.A., as Documentation Agent.

(c) The exhibits filed as part of this Form 10-K are listed on the Exhibit Index immediately preceding such Exhibits. The Exhibit Index is incorporated herein by reference.

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
For the Years Ended Dec. 31, 2002, 2001 and 2000
(millions)

TECO Energy, Inc.

	Balance at Beginning of Period	Additions		Deductions(1)	Balance at End of Period
		Charged to Income	Other Charges		
Allowance for Uncollectible Accounts:					
2002	$ 7.1	$ 9.4	$ 0.3	$ 10.2	$ 6.6
2001	$ 8.7	$ 8.1	$ (0.3)	$ 9.4	$ 7.1
2000	$ 3.5	$ 10.2	$ 0.2	$ 5.2	$ 8.7

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(1) Write-off of individual bad debt accounts

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
For the Years Ended Dec. 31, 2002, 2001 and 2000
(millions)

Tampa Electric Company

	Balance at Beginning of Period	Additions: Charged to Income	Additions: Other Charges	Deductions(1)	Balance at End of Period
Allowance for Uncollectible Accounts:					
2002	$ 1.6	$ 7.7	$ --	$ 8.2	$ 1.1
2001	$ 2.0	$ 7.2	$ --	$ 7.6	$ 1.6
2000	$ 1.1	$ 5.6	$ --	$ 4.7	$ 2.0

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(1) Write-off of individual bad debt accounts

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 7th day of March, 2003.

TECO ENERGY, INC.

By: /s/ R. D. FAGAN
R. D. FAGAN, Chairman of the Board,
President 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 7, 2003:

Signature	Title
/s/ R. D. FAGAN R. D. FAGAN	Chairman of the Board, President, Director and Chief Executive Officer (Principal Executive Officer)
/s/ G. L. GILLETTE G. L. GILLETTE	Senior Vice President-Finance and Chief Financial Officer (Principal Financial Officer)
/s/ S. A. MYERS S. A. MYERS	Vice President-Corporate Accounting and Tax (Principal Accounting Officer)

Signature	Title	Signature	Title
C. D. AUSLEY* C. D. AUSLEY	Director	T. L. RANKIN* T. L. RANKIN	Director
S. L. BALDWIN* S. L. BALDWIN	Director	W. D. ROCKFORD* W. D. ROCKFORD	Director
J. L. FERMAN, JR.* J. L. FERMAN, JR.	Director	W. P. SOVEY* W. P. SOVEY	Director
L. GUINOT, JR.* L. GUINOT, JR.	Director	J. T. TOUCHTON* J. T. TOUCHTON	Director
I. D. HALL* I.D. HALL	Director	J. A. URQUHART* J. A. URQUHART	Director
S. W. HUDSON* S. W. HUDSON	Director	J. O. WELCH, JR. * J. O. WELCH, JR.	Director

*By: /s/ G. L. GILLETTE
G. L. GILLETTE, Attorney-in-fact

CERTIFICATIONS

I, Robert D. Fagan, certify that:

1. I have reviewed this annual report on Form 10-K of TECO Energy, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 7, 2003

/s/ R. D. FAGAN
R. D. FAGAN
Chairman of the Board, President,
Director and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Gordon L. Gillette, certify that:

1. I have reviewed this annual report on Form 10-K of TECO Energy, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 7, 2003

/s/ G. L. GILLETTE
G. L. GILLETTE
Senior Vice President - Finance
and Chief Financial Officer
(Principal Financial Officer)

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 7th day of March, 2003.

TAMPA ELECTRIC COMPANY

By: /s/ R. D. FAGAN
R. D. FAGAN, Chairman of the Board,
Director 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 7, 2003:

Signature	Title
/s/ R. D. FAGAN R. D. FAGAN	Chairman of the Board, Director and Chief Executive Officer (Principal Executive Officer)
/s/ G. L. GILLETTE G. L. GILLETTE	Senior Vice President-Finance and Chief Financial Officer (Principal Financial Officer)
/s/ P. L. BARRINGER P. L. BARRINGER	Vice President-Controller (Principal Accounting Officer)

Signature	Title	Signature	Title
C. D. AUSLEY* C. D. AUSLEY	Director	T. L. RANKIN* T. L. RANKIN	Director
S. L. BALDWIN* S. L. BALDWIN	Director	W. D. ROCKFORD* W. D. ROCKFORD	Director
J. L. FERMAN, JR.* J. L. FERMAN, JR.	Director	W. P. SOVEY* W. P. SOVEY	Director
L. GUINOT, JR.* L. GUINOT, JR.	Director	J. T. TOUCHTON* J. T. TOUCHTON	Director
I. D. HALL* I. D. HALL.	Director	J. A. URQUHART* J. A. URQUHART	Director
S. W. HUDSON* S. W. HUDSON	Director	J. O. WELCH, JR.* J. O. WELCH, JR.	Director

*By: /s/ G. L. GILLETTE
G. L. GILLETTE, Attorney-in-fact

CERTIFICATIONS

I, Robert D. Fagan, certify that:

1. I have reviewed this annual report on Form 10-K of Tampa Electric Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 7, 2003

/s/ R. D. FAGAN
R. D. FAGAN
Chairman of the Board, President,
Director and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Gordon L. Gillette, certify that:

1. I have reviewed this annual report on Form 10-K of Tampa Electric Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 7, 2003

/s/ G. L. GILLETTE
G. L. GILLETTE
Senior Vice President - Finance
and Chief Financial Officer
(Principal Financial Officer)

Supplemental Information to Be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act

No annual report or proxy material has been sent to Tampa Electric Company's security holders because all of its equity securities are held by TECO Energy, Inc.

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
3.1	Articles of Incorporation of TECO Energy, Inc., as amended on April 20, 1993 (Exhibit 3, Form 10-Q for the quarter ended March 31, 1993 of TECO Energy, Inc.).	*
3.2	Bylaws of TECO Energy, Inc., as amended effective Jan. 18, 2001 (Exhibit 3.2, Form 10-K 2000 of TECO Energy, Inc.).	*
3.3	Articles of Incorporation of Tampa Electric Company (Exhibit 3, to Registration Statement No. 2-70653).	*
3.2	Bylaws of Tampa Electric Company, as amended effective Apr. 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 TECO Energy, Inc.).	*
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 of TECO Energy, Inc.).	*
4.5	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 TECO Energy, Inc.).	*
4.6	First Supplemental Installment Purchase Contract, dated as of Aug. 2, 1984 (Exhibit 4.14, Form 10-K for 1994 of TECO Energy, Inc.).	*
4.7	Second Supplemental Installment Purchase Contract, dated as of July 1, 1993 (Exhibit 4.3, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).	*
4.8	Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NCNB National Bank of Florida, as trustee, dated as of Sept. 24, 1990 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1990 for TECO Energy, Inc.).	*
4.9	Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee, dated as of Oct. 26, 1992 (Exhibit 4.2, Form 10-Q for the quarter ended Sept. 30, 1992 of TECO Energy, Inc.).	*
4.10	Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee, dated as of June 23, 1993 (Exhibit 4.2, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).	*
4.11	Loan and Trust Agreement among Hillsborough County Industrial Development Authority, Tampa Electric Company and The Bank of New York Trust Company of Florida, as trustee, dated as of June 1, 2002. (Exhibit 4.1, Form 10-Q for the quarter ended June 30, 2002 of TECO Energy, Inc.).	*
4.12	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 4.22, Form 10-K for 1996 of TECO Energy, Inc.).	*
4.13	Installment Sales Agreement between the Plaquemines Port, Harbor and Terminal District (Louisiana) and Electro-Coal Transfer Corporation, dated as of Sept. 1, 1985 (Exhibit 4.19, Form 10-K for 1986 of TECO Energy, Inc.).	*
4.14	First Supplemental Installment Sales Agreement, between Plaquemines Port, Harbor, and Terminal District (Louisiana) and Electro-Coal Transfer Corporation, dated Dec. 20, 2000 (Exhibit 4.20, Form 10-K for 2000 of TECO Energy, Inc.).	*
4.15	Amended and Restated Reimbursement Agreement between TECO Energy, Inc. and Electro-Coal Transfer LLC, dated as of Apr. 5, 2001 (Exhibit 4.1, Form 8-K date Apr. 5, 2001 of TECO Energy, Inc.).	*
4.16	Indenture between Tampa Electric Company and The Bank of New York, as trustee, dated as of July 1, 1998 (Exhibit 4.1, Registration Statement No. 333-55873)	*

4.17	Third Supplemental Indenture between Tampa Electric Company and The Bank of New York, as trustee, dated as of June 15, 2001 (Exhibit 4.2, Form 8-K dated June 25, 2001 of Tampa Electric Company).	*
4.18	Fourth Supplemental Indenture between Tampa Electric Company and The Bank of New York, as trustee, dated as of Aug. 15, 2002. (Exhibit 4.2, Form 8-K dated Aug. 26, 2002 of Tampa Electric Company).	*
4.19	Credit Agreement dated as of Nov. 13, 2002, among Tampa Electric Company as Borrower, Citibank, N.A., as Administrative Agent, Salomon Smith Barney Inc. and The Bank of New York, As Co-Lead Arrangers, Morgan Stanley Senior Funding, Inc., and The Bank of New York, as Co-Syndication Agents, Bank of America, N.A., as Documentation Agent and the lenders parties Thereto as Lenders (Exhibit 4.1, Form 8-K dated Nov. 13, 2002 for TECO Energy, Inc.).	*
4.20	Indenture between TECO Energy, Inc. and The Bank of New York, as trustee, dated as of Aug. 17, 1998 (Exhibit 4.1, Form 8-K dated Sept. 20, 2000 of TECO Energy, Inc.).	*
4.21	Second Supplemental Indenture dated as of Aug. 15, 2000 between TECO Energy, Inc. and The Bank of New York (Exhibit 4.1, Form 8-K dated Sept. 28, 2000 of TECO Energy, Inc.).	*
4.22	Third Supplemental Indenture dated as of Dec. 1, 2000 between TECO Energy, Inc. and The Bank of New York, as trustee (Exhibit 4.21, Form 8-K dated Dec. 21, 2000 of TECO Energy, Inc.).	*
4.23	Amended and Restated Limited Liability Company Agreement of TECO Funding Company I, LLC dated as of Dec. 1, 2000 (Exhibit 4.24, Form 8-K dated Dec. 21, 2000 of TECO Energy, Inc.).	*
4.24	Amended and Restated Trust Agreement of TECO Capital Trust I among TECO Funding Company I, LLC, The Bank of New York and The Bank of New York (Delaware) dated as of Dec. 1, 2000 (Exhibit 4.22, Form 8-K dated Dec. 21, 2000 of TECO Energy, Inc.).	*
4.25	Guaranty Agreement between TECO Energy, Inc. and The Bank of New York, as trustee, dated as of Dec. 1, 2000 (Exhibit 4.25, Form 8-K dated Dec. 21, 2000 of TECO Energy, Inc.).	*
4.26	Fourth Supplemental Indenture dated as of Apr. 30, 2001 between TECO Energy, Inc. and The Bank of New York, as trustee (Exhibit 4.28, Form 8-K dated May 1, 2001 of TECO Energy, Inc.).	*
4.27	Fifth Supplemental Indenture dated as of Sept. 10, 2001 between TECO Energy, Inc. and The Bank of New York, as trustee (Exhibit 4.16, Form 8-K dated Sept. 26, 2001 of TECO Energy, Inc.).	*
4.28	Sixth Supplemental Indenture dated as of Jan. 15, 2002 between TECO Energy, Inc. and The Bank of New York, as trustee (Exhibit 4.28, Form 8-K dated Jan. 15, 2002 of TECO Energy, Inc.).	*
4.29	Purchase Contract Agreement between TECO Energy, Inc. and The Bank of New York, as Purchase Contract Agent, dated as of Jan. 15, 2002 (Exhibit 4.29, Form 8-K dated Jan. 15, 2002 of TECO Energy, Inc.).	*
4.30	Amended and Restated Trust Agreement of TECO Capital Trust II among TECO Funding Company II, LLC, The Bank of New York and The Bank of New York (Delaware), dated as of Jan. 15, 2002 (Exhibit 4.31, Form 8-K dated Jan. 15, 2002 of TECO Energy, Inc.).	*
4.31	Amended and Restated Limited Liability Agreement of TECO Funding Company II, LLC, dated as of Jan. 15, 2002 (Exhibit 4.33, Form 8-K dated Jan. 15, 2002 of TECO Energy, Inc.).	*
4.32	Guarantee Agreement by and between TECO Energy, Inc., as Guarantor and The Bank of New York, dated as of Jan. 15, 2002 (Exhibit 4.35, Form 8-K dated Jan. 15, 2002 of TECO Energy, Inc.).	*
4.33	Form of Remarketing Agreement by and between TECO Energy, Inc. and the Remarketing Agent (Exhibit 4.37, Form 8-K dated Jan. 15, 2002 of TECO Energy, Inc.).	*
4.34	Pledge Agreement among TECO Energy, Inc., The Bank of New York, as Collateral Agent, Custodial Agent and Securities Intermediary and The Bank of New York, as Purchase Contract Agent dated as of Jan. 15, 2002 (Exhibit 4.38, Form 8-K dated Jan. 15, 2002 of TECO Energy, Inc.).	*
4.35	Seventh Supplemental Indenture dated as of May 1, 2002 between TECO Energy, Inc. and The Bank of New York, as trustee (Exhibit 4.15, Form 8-K dated May 13, 2002 of TECO Energy, Inc.).	*
4.36	Eighth Supplemental Indenture dated as of Nov. 20, 2002 between TECO Energy, Inc. and The Bank of New York, as trustee (Exhibit 4.1, Form 8-K dated Nov. 20, 2002 for TECO Energy, Inc.).	*

4.37	Credit Agreement dated as of Nov. 14, 2001, among TECO Energy, Inc., as Borrower, Citibank. N.A., as Administrative Agent, Salomon Smith Barney Inc. and Banc of America Securities, LLC, as Co-Lead Arrangers, Banc of America, as Syndication Agent, the Bank of Nova Scotia, BNP Paribas and SunTrust Bank, as Co-Documentation Agents, JP Morgan Chase Bank, LC Issuing Bank, and the lenders parties thereto as Lenders (Exhibit 4.41, Form 10-K for 2001 of TECO Energy, Inc.).	*
4.38	Renewed Rights Agreement between TECO Energy, Inc. and BankBoston, N.A., as Rights Agent, dated as of Oct. 21, 1998 (Exhibit 4, Form 8-K, dated as of Oct. 21, 1998 of TECO Energy, Inc.).	*
10.1	TECO Energy Group Supplemental Executive Retirement Plan, as amended and restated as of July 1, 1998, as further amended as of July 15, 1998. (Exhibit 10.1, Form 10-K for 2001 of TECO Energy, Inc.).	*
10.2	TECO Energy Group Supplemental Retirement Benefits Trust Agreement, as amended and restated as of Jan. 1, 1998, as further amended as of July 15, 1998. (Exhibit 10.2, Form 10-K for 2001 of TECO Energy, Inc.).	*
10.3	Annual Incentive Compensation Plan for TECO Energy and subsidiaries, revised as of April 17, 2002. (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 2002 for TECO Energy, Inc.).	*
10.4	TECO Energy Group Supplemental Disability Income Plan, dated as of March 20, 1998 (Exhibit 10.22, Form 10-K for 1988 of TECO Energy, Inc.).	*
10.5	Forms of Severance Agreement between TECO Energy, Inc. and certain officers, as amended and restated as of Oct. 22, 1999 (Exhibit 10.7, Form 10-K for 1999 of TECO Energy, Inc.).	*
10.6	Loan and Stock Purchase Agreement between TECO Energy, Inc. and Barnett Banks Trust Company, N.A., as trustee of the TECO Energy Group Savings Plan Trust Agreement (Exhibit 10.3, Form 10-Q for the quarter ended March 31, 1990 for TECO Energy, Inc.).	*
10.7	TECO Energy Directors' Deferred Compensation Plan, as amended and restated effective as of April 1, 1994 (Exhibit 10.1, Form 10-Q for the quarter ended March 31, 1994 for TECO Energy, Inc.).	*
10.8	TECO Energy Group Deferred Compensation Plan (previously the TECO Energy Group Retirement Savings Excess Benefit Plan), as amended and restated effective as of Oct. 17, 2001. (Exhibit 10.8, Form 10-K for 2001 of TECO Energy, Inc.).	*
10.9	Compensation Committee's Determinations Regarding Credit Rates for the TECO Energy Group Deferred Compensation Plan. (Exhibit 10.2, Form 10-Q for the quarter ended Mar. 31, 2002 of TECO Energy, Inc.).	*
10.10	TECO Energy, Inc. 1996 Equity Incentive Plan as amended Apr. 18, 2001 (Exhibit 10.1, Form 10-Q for the quarter ended March 31, 2001 of TECO Energy, Inc.).	*
10.11	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 TECO Energy, Inc.).	*
10.12	Form of Amendment to Nonstatutory Stock Option, dated as of July 15, 1998, under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.3, Form 10-Q for the quarter ended Sept. 30, 1998 of TECO Energy, Inc.).	•
10.13	Form of Nonstatutory Stock Option under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.5, Form 10-Q for the quarter ended June 30, 1999 of TECO Energy, Inc.).	*
10.14	Form of Restricted Stock Agreement between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 1998 of TECO Energy, Inc.).	*
10.15	Form of Amendment to Restricted Stock Agreements, dated as of July 15, 1998, TECO Energy, Inc. and certain officers under the TECO Energy, Inc. between 1996 Equity Incentive Plan (Exhibit 10.2, Form 10-Q for the quarter ended Sept. 30, 1998 of TECO Energy, Inc.).	•
10.16	TECO Energy, Inc. 1997 Director Equity Plan (Exhibit 10.1, Form 8-K dated April 16, 1997 of TECO Energy, Inc.).	•
10.17	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 TECO Energy, Inc.).	•
10.18	Supplemental Executive Retirement Plan for R. K. Eustace as of Jan. 15, 1997 (Exhibit 10.24, Form 10-K for 1997 of TECO Energy, Inc.).	*
10.19	Supplemental Executive Retirement Plan for R. D. Fagan as amended (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 2001 of TECO Energy, Inc.).	*
10.20	Nonstatutory Stock Option granted to R. D. Fagan, dated as of May 24, 1999, under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.3, Form 10-Q for the quarter ended June 30, 1999 of TECO Energy, Inc.).	*

10.21	Restricted Stock Agreement between TECO Energy, Inc. and R. D. Fagan, dated as of May 24, 1999 (Exhibit 10.4, Form 10-Q for the quarter ended June 30, 1999 of TECO Energy, Inc.).	*
10.22	Severance Agreement between TECO Energy, Inc. and R.D. Fagan, as amended (Exhibit 10.2, form 10-Q for the quarter ended June 30, 2001 of TECO Energy, Inc.).	*
10.23	Form of Performance Shares Agreement between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan. (Exhibit 10.7, Form 10-Q for the quarter ended June 30, 2000 of TECO Energy, Inc.).	*
10.24	Form of 2002 Amendment to TECO Performance Shares Agreements between TECO Energy, Inc., and certain officers under the TECO Energy Inc. 1996 Equity Incentive Plan. (Exhibit 10.25, Form 10-K for 2001 of TECO Energy, Inc.).	*
10.25	Form of Performance Shares Agreement between TECO Energy, Inc. and certain TECO Power Services Corporation officers under the TECO Energy, Inc. 1996 Equity Incentive Plan. (Exhibit 10.3, Form 10-Q for the quarter ended June 30, 2000 of TECO Energy, Inc.).	*
10.26	Supplemental Executive Retirement Plan for R. Lehfeldt as of Apr. 17, 2002. (Exhibit 10.2, Form 10-Q for the quarter ended June 30, 2002 of TECO Energy, Inc.).	*
10.27	Form of Restricted Stock Agreement between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan, dated as of Jan. 28, 2003.	[ ]
10.28	Form of Nonstatutory Stock Option under the TECO Energy, Inc. 1997 Director Equity Plan, dated as of Jan. 29, 2003.	[ ]
10.29	Equity Contribution Guaranty Agreement between TECO Energy, Inc., and Citibank, N.A., as Administrative Agent under the Union Power Project Credit Agreement (Exhibit 10.4, Form 10-Q for the quarter ended June 30, 2001 of TECO Energy, Inc.).	*
10.30	Equity Bridge Guaranty Agreement between TECO Energy, Inc., and Citibank, N.A., as Administrative Agent under the Union Power Project Bridge Loan Agreement (Exhibit 10.5, form 10-Q for the quarter ended June 30, 2001 of TECO Energy, Inc.).	*
10.31	Contingent Equity Contribution Guaranty Agreement between TECO Energy, Inc., and Citibank, N.A., as Administrative Agent under the Gila River Project Credit Agreement (Exhibit 10.6, Form 10-Q for the quarter ended June 30, 2001 of TECO Energy, Inc.).	*
10.32	Equity Contribution Guaranty Agreement between TECO Energy, Inc., and Citibank, N.A., as Administrative Agent under the Gila River Project Credit Agreement (Exhibit 10.7, Form 10-Q for the quarter ended June 30, 2001 of TECO Energy, Inc.).	*
10.33	Equity Bridge Guaranty Agreement between TECO Energy, Inc., and Citibank, N.A., as Administrative Agent under the Gila River Bridge Loan Agreement (Exhibit 10.8, Form 10-Q for the quarter ended June 30, 2001 of TECO Energy, Inc.).	*
10.34	Omnibus Amendment to TECO guarantees related to the Union Power Project, dates as of Oct. 31, 2001, by and among TECO Energy, Inc., Guarantor, and Administrative Agent (Exhibit 10.4, Form 10-Q for the quarter ended June 30, 2002 of TECO Energy, Inc.).	*
10.35	Omnibus Amendment to TECO Guarantees related to the Gila River Project, dated as of Oct. 31, 2001, by and among TECO Energy, Inc., Guarantor, and Administrative Agent. (Exhibit 10.3, Form 10-Q for the quarter ended June 30, 2002 of TECO Energy, Inc.).	*
10.36	Amended and Restated Construction Contract Undertaking by TECO Energy, Inc. in favor of Union Power Partners, L.P., as Borrower, and Citibank, N.A., as Administrative Agent under the Union Power Project Credit Agreement, dated as of May 14, 2002 (Exhibit 99.5 to Registration Statement No. 333-102019.	*
10.37	Amended and Restated Construction Contract Undertaking by TECO Energy, Inc. in favor of Panda Gila River, L.P., as Borrower, and Citibank. N.A., as Administrative Agent under the Gila River Project Credit Agreement, dated as of May 14, 2002 (Exhibit 99.4 to Registration Statement No. 333-102019).	*
10.38	Consent and Acceleration Agreement dated as of Feb. 7, 2002 by and among TECO Power Services Corporation, TECO Energy, Inc., TPS GP, Inc., TPS LP, Inc., Panda GS V, LLC, Panda GS VI, LLC, Panda Energy International, Inc. and Bayerische Hypo-Und Vereinsbank AG, New York Branch.	[ ]
12.1	Ratio of Earnings to Fixed Charges – TECO Energy, Inc.	[ ]
12.2	Ratio of Earnings to Fixed Charges – Tampa Electric Company.	[ ]
21.	Subsidiaries of the Registrant.	[ ]
23.1	Consent of Independent Certified Public Accountants – TECO Energy, Inc.	[ ]
23.2	Consent of Independent Certified Public Accountants – Tampa Electric Company.	[ ]

24.1.1	Power of Attorney – TECO Energy, Inc.	[ ]
24.1.2	Power of Attorney – Tampa Electric Company.	[ ]
24.2.1	Certified copy of resolution authorizing Power of Attorney – TECO Energy, Inc.	[ ]
24.2.2	Certified copy of resolution authorizing Power of Attorney – Tampa Electric Company.	[ ]

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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 TECO Energy, Inc. and Tampa Electric Company were filed under Commission File Nos. 1-8180 and 1-5007, respectively.

Certain instruments defining the rights of holders of long-term debt of TECO Energy, Inc. and its consolidated subsidiaries authorizing in each case a total amount of securities not exceeding 10 percent of total assets on a consolidated basis are not filed herewith. TECO Energy, Inc. will furnish copies of such instruments to the Securities and Exchange Commission upon request.

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 10.5 and 10.7 through 10.28 above are management contracts or compensatory plans or arrangements in which executive officers or directors of TECO Energy, Inc. participate.

TECO ENERGY, INC.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the company's ratio of earnings to fixed charges for the periods indicated.

$ millions	Year Ended December 31, (1)				
	2002	2001	2000	1999	1998
Income before income tax	$ 259.8	$ 271.7	$ 256.8	$ 280.5	$ 277.7
Interest expense (6)	196.9	190.0	174.9	130.7	108.9
Preferred stock dividends	--	--	--	--	--
Less: (Income) loss from equity investments	6.0	(6.7)	(7.7)	(3.2)	(3.4)
Earnings before taxes and fixed charges	$ 462.7	$ 455.0	$ 424.0	$ 408.0	$ 383.2
Interest expense (6)	$ 196.9	$ 190.0	$ 174.9	$ 130.7	$ 108.9
Interest on refunding bonds	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)
Preferred stock dividends	--	--	--	--	--
Total fixed charges	$ 196.0	$ 189.0	$ 173.9	$ 129.7	$ 107.9
Ratio of earnings to fixed charges	2.36x (2)	2.41x (3)	2.44x	3.15x (4)	3.55x (5)

For the purposes of calculating these ratios, earnings consist of income from continuing operations before income taxes, income or loss from equity investments and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

(1) All prior periods presented reflect the reclassifications of TECO Coalbed Methane's results from continuing operations to discontinued operations. In December 2002, TECO Energy sold substantially all of its coalbed methane assets to the Municipal Gas Authority of Georgia.

(2) Includes the effect of other non-operating pretax items totaling $48.2 million, including $34.1 million at TECO Energy related to a debt refinancing, and asset valuations of $9.2 million and $4.9 million at TECO Power Services and TECO Investments, respectively. The effect of these items was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 2.61x for the year ended Dec. 31, 2002.

(3) Includes the effect of other non-operating pretax items totaling $11.1 million for asset valuations recorded at TECO Power Services and TECO Investments. The effect of these items was to reduce the ration of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 2.47x for the year ended Dec. 31, 2001.

(4) Includes the effect of other non-operating pretax items totaling $21.0 million recorded at Tampa Electric, TECO Investments and TECO Energy. The effect of these items was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.49x for the year ended Dec. 31, 1999.

(5) Includes the effect of other non-operating pretax items totaling $30.5 million associated with write-offs at TECO Coal and Tampa Electric, and $.6 million pretax of merger-related costs. The effect of these items was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.84x for the year ended Dec. 31, 1998.

(6) Interest expense includes total interest expense, excluding AFUDC, and an estimate of the interest component of rentals.

Exhibit 12.2

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.

$ millions	Year Ended December 31,				
	2002	2001	2000	1999	1998
Income before income tax	$ 296.3	$ 274.7	$ 261.8	$ 226.3	$ 232.3
Interest expense (3)	80.4	81.8	84.7	81.7	67.4
Preferred stock dividends	--	--	--	--	--
Earnings before taxes and fixed charges	$ 376.7	$ 356.5	$ 346.5	$ 308.0	$ 299.7
Interest expense (3)	$ 80.4	$ 81.8	$ 84.7	$ 81.7	$ 67.4
Interest on refunding bonds	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)
Preferred stock dividends	--	--	--	--	--
Total fixed charges	$ 79.5	$ 80.8	$ 83.7	$ 80.7	$ 66.4
Ratio of earnings to fixed charges	4.74x	4.41x	4.14x	3.82x (1)	4.51x (2)

For the purposes of calculating these ratios, earnings consist of income from continuing operations before income taxes, income or loss from equity investments and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

(1) Includes the effect of other non-operating pretax items totaling $18.3 million recorded in the third and fourth quarters of 1999. Charges consisted of the following: $10.5 million recorded based on Florida Public Service Commission audits of Tampa Electric's 1997 and 1998 earnings, which limited Tampa Electric's equity ratio to 58.7 percent; $3.5 million to resolve litigation filed by the U.S. Environmental Protection Agency; and $4.3 million for corporate income tax settlements related to prior years' tax returns. The effect of these items was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61 for the year ended Dec. 31, 1999.

(2) Includes the effect of other non-operating pretax items totaling $16.9 million, as more fully explained in Note I to Item 8, Financial Statements and Supplementary Data of the Company's Annual Report on Form 10-K for the 1998 fiscal year. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66 for the year ended Dec. 31, 1998.

(3) Interest expense includes total interest expense, excluding AFUDC, and an estimate of the interest component of rentals.

SUBSIDIARIES OF THE REGISTRANT

All of the following subsidiaries of TECO Energy, Inc., are organized under the laws of Florida except as indicated. The following list omits certain subsidiaries pursuant to paragraph (b)(21)(ii) of Regulation S-K Item 601.

- Tampa Electric Company
- TECO Diversified, Inc.
  - TECO Transport Corporation
    - TECO Bulk Terminal, LLC (formerly Electro-Coal Transfer, LLC a Louisiana limited liability company)
    - TECO Ocean Shipping, Inc. (formerly Gulfcoast Transit Company)
    - TECO Barge Line, Inc. (formerly Mid-South Towing Company)
    - TECO Towing Company
  - TECO Coal Corporation (a Kentucky corporation)
    - Gatliff Coal Company (a Kentucky corporation)
    - Bear Branch Coal Company (a Kentucky Corporation
    - Rich Mountain Coal Company (a Tennessee corporation)
    - Clintwood Elkhorn Mining Company (a Kentucky corporation)
    - Pike-Letcher Land Company (a Kentucky corporation)
    - Premier Elkhorn Coal Company (a Kentucky corporation)
    - Perry County Coal Corporation (a Kentucky corporation)
  - TECO Solutions, Inc.
    - TECO Energy Services, Inc. (formerly TECO BGA, Inc.)
      - BCH Mechanical, Inc.
    - TECO Gas Services, Inc.
    - Prior Energy Corporation (a Delaware Corporation)
    - TECO Properties Corporation
    - TECO Partners, Inc.
    - TECO Propane Ventures, LLC (a Delaware limited liability company)
  - TECO Coalbed Methane Florida, Inc. (formerly TECO Coalbed Methane, Inc. an Alabama corporation)
- TECO Stevedoring Services, Inc. (formerly GC Services Company, Inc.)
- TECO Finance, Inc.
- TECO Investments, Inc.
- TECO Funding Company I, LLC (a Delaware limited liability company)
- TECO Funding Company II, LLC (a Delaware limited liability company)
- TECO Power Services Corporation
  - Hardee Power I, Inc.
  - Hardee Power II, Inc.
  - TPS Guatemala One, Inc.
  - TPS Hamakua, Inc.
  - TPS Hawaii, Inc.
  - TM Power Ventures, LLC (a Delaware limited liability company)
    - TM Delmarva Power LLC (a Delaware limited liability company)
  - TECO Power Ventures, Inc.
    - TPS TriCo., LLC (a Delaware limited liability company)
      - TPS Dell, LLC (a Delaware limited liability company)
      - TPS McAdams, LLC (a Delaware limited liability company)
      - TPS Tejas GP, LLC (a Delaware limited liability company)
      - TPS Tejas LP, LLC (a Delaware limited liability company)
  - TPS LP, Inc.
  - TPS GP, Inc.
    - TECO-Panda Generating Company, L.P. (a Delaware partnership)
      - Union Power I, LLC (a Delaware limited liability company)
      - Union Power II, LLC (a Delaware limited liability company)
      - Panda Gila River I, LLC (a Delaware limited liability company)
      - Panda Gila River II, LLC (a Delaware limited liability company)
      - Trans-Union Interstate I, LLC (a Delaware limited liability company)
      - Trans-Union Interstate II, LLC (a Delaware limited liability company)
  - TPS International Power, Inc. (a Cayman Islands limited liability company)
    - TPS de Ultramar, Ltd. (a Cayman Islands company)
    - TPS San Jose International, Inc. (a Cayman Islands company)
    - TPS San Jose, LDC (a Cayman Islands company)
  - TECO EnergySource, Inc.

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File Nos. 33-43512, and 333-83958) and on Form S-8 (File Nos. 333-02563, 333-25563, 333-60776 and 333-72542) of TECO Energy, Inc. of our report dated January 22, 2003, except for the information in Note U as to which the date is January 30, 2003, relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida
March 6, 2003

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File Nos. 33-61636, 333-55090 and 333-91602) of Tampa Electric Company of our report dated January 22, 2003, relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida
March 6, 2003

TECO ENERGY, INC.
POWER OF ATTORNEY

Each of the undersigned in his capacity as a Director or officer or both, as the case may be, of said Corporation, does hereby appoint R. D. Fagan, G. L. Gillette and D. E. Schwartz, and each of them, severally, his true and lawful attorneys or attorney to execute in his name, place and stead, in his capacity as Director or officer or both, as the case may be, of said Corporation, the Annual Report on Form 10-K for year ended December 31, 2002, and any and all amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys has the power to act hereunder with or without the other of said attorneys and shall have full power of substitution and resubstitution.

IN TESTIMONY WHEREOF, the undersigned have executed this instrument on the dates set forth below.

/s/ R. D. Fagan **R. D. Fagan, Chairman of the Board, President, Director and Chief Executive Officer (Principal Executive Officer)**	January 28, 2003
/s/ G. L. Gillette **G. L. Gillette, Senior Vice President-Finance and Chief Financial Officer (Principal Financial Officer)**	February 25, 2003
/s/ S. A. Myers **S. A. Myers, Vice President-Corporate Accounting and Tax (Principal Accounting Officer)**	February 25, 2003
/s/ C. D. Ausley **C. D. Ausley, Director**	January 30, 2003
/s/ S. L. Baldwin **S. L. Baldwin, Director**	January 28, 2003
/s/ J. L. Ferman, Jr. **J. L. Ferman, Jr., Director**	January 28, 2003
/s/ L. Guinot, Jr. **L. Guinot, Jr., Director**	January 30, 2003
/s/ I. D. Hall **I. D. Hall Director**	January 28, 2003
/s/ T. L. Rankin **T. L. Rankin, Director**	January 28, 2003
/s/ W. D. Rockford **W. D. Rockford, Director**	January 30, 2003

/s/ W. P. Sovey **W. P. Sovey, Director**	January 28, 2003
/s/ J. T. Touchton **J. T. Touchton, Director**	January 28, 2003
/s/ J. A. Urquhart **J. A. Urquhart, Director**	January 28, 2003
/s/ J. O. Welch, Jr. **J. O. Welch, Jr., Director**	January 28, 2003
/s/ S. W. Hudson **S. W. Hudson, Director**	January 30, 2003

TAMPA ELECTRIC COMPANY
POWER OF ATTORNEY

Each of the undersigned in his capacity as a Director or officer or both, as the case may be, of said Company, does hereby appoint R. D. Fagan, G. L. Gillette and D. E. Schwartz, and each of them, severally, his true and lawful attorneys or attorney to execute in his name, place and stead, in his capacity as Director or officer or both, as the case may be, of said Company, the Annual Report on Form 10-K for year ended December 31, 2002, and any and all amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys has the power to act hereunder with or without the other of said attorneys and shall have full power of substitution and resubstitution.

IN TESTIMONY WHEREOF, the undersigned have executed this instrument on the dates set forth below.

/s/ R. D. Fagan **R. D. Fagan, Chairman of the Board, President, Director and Chief Executive Officer (Principal Executive Officer)**	January 28, 2003
/s/ G. L. Gillette **G. L. Gillette, Senior Vice President-Finance and Chief Financial Officer (Principal Financial Officer)**	February 25, 2003
/s/ P. L. Barringer **P. L. Barringer, Vice President-Controller and Assistant Secretary (Principal Accounting Officer)**	February 26, 2003
/s/ C. D. Ausley **C. D. Ausley, Director**	January 30, 2003
/s/ S. L. Baldwin **S. L. Baldwin, Director**	January 28, 2003
/s/ J. L. Ferman, Jr. **J. L. Ferman, Jr., Director**	January 28, 2003
/s/ L. Guinot, Jr. **L. Guinot, Jr., Director**	January 30, 2003
/s/ I. D. Hall **I. D. Hall Director**	January 28, 2003
/s/ T. L. Rankin **T. L. Rankin, Director**	January 28, 2003
/s/ W. D. Rockford **W. D. Rockford, Director**	January 30, 2003

/s/ W. P. Sovey **W. P. Sovey, Director**	January 28, 2003
/s/ J. T. Touchton **J. T. Touchton, Director**	January 28, 2003
/s/ J. A. Urquhart **J. A. Urquhart, Director**	January 28, 2003
/s/ J. O. Welch, Jr. **J. O. Welch, Jr., Director**	January 28, 2003
/s/ S. W. Hudson **S. W. Hudson, Director**	January 30, 2003

TECO ENERGY, INC.

Transcript from Records of Board of Directors

January 28, 2003

****

RESOLVED, that the preparation and filing with the Securities and Exchange Commission of the Annual Report on Form 10-K for the year ended December 31, 2002 pursuant to the Securities Exchange Act of 1934, as amended, including any amendments thereto and containing the information required by such form and any additional information as the officers of the Corporation, with the advice of counsel, deem necessary, advisable or appropriate (the "10-K"), are hereby authorized and approved; that the Chief Executive Officer, the President and any Vice President of the Corporation be, and each of them acting singly hereby is, authorized for and in the name and on behalf of the Corporation to execute the 10-K and cause it to be filed with the Securities and Exchange Commission; and that the officers referred to above be, and each of them hereby is, authorized to execute the 10-K through or by R. D. Fagan, G. L. Gillette or D. E. Schwartz, or any of them, as duly authorized attorneys pursuant to a Power of Attorney in such form as shall be approved by the Corporation's general counsel.

****

I, D. E. Schwartz, hereby certify that I am Secretary of TECO Energy, Inc., a Florida corporation (the "Corporation"), and set forth above is a true and correct copy of certain resolutions from the minutes of the meeting of the Board of Directors of the Corporation convened and held on January 28, 2003, at which meeting a quorum for the transaction of business was present and acting throughout.

I further certify that the resolutions set forth above have not been altered, amended or rescinded and the same are now in full force and effect.

EXECUTED this 25th day of February, 2003.

/s/ D. E. Schwartz
Secretary
TECO ENERGY, INC.

Corporate Seal

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TAMPA ELECTRIC COMPANY
Transcript from Records of Board of Directors

January 28, 2003

****

RESOLVED, that the preparation and filing with the Securities and Exchange Commission of the Annual Report on Form 10-K for the year ended December 31, 2002 pursuant to the Securities Exchange Act of 1934, as amended, including any amendments thereto and containing the information required by such form and any additional information as the officers of the Company, with the advice of counsel, deem necessary, advisable or appropriate (the "10-K"), are hereby authorized and approved; that the Chief Executive Officer, the President and any Vice President of the Company be, and each of them acting singly hereby is, authorized for and in the name and on behalf of the Company to execute the 10-K and cause it to be filed with the Securities and Exchange Commission; and that the officers referred to above be, and each of them hereby is, authorized to execute the 10-K through or by R. D. Fagan, G. L. Gillette or D. E. Schwartz, or any of them, as duly authorized attorneys pursuant to a Power of Attorney in such form as shall be approved by the Company's general counsel.

****

I, D. E. Schwartz, hereby certify that I am Secretary of Tampa Electric Company, a Florida corporation (the "Company"), and set forth above is a true and correct copy of certain resolutions from the minutes of the meeting of the Board of Directors of the Company convened and held on January 28, 2003, at which meeting a quorum for the transaction of business was present and acting throughout.

I further certify that the resolutions set forth above have not been altered, amended or rescinded and that the same are now in full force and effect.

EXECUTED this 25th day of February, 2003.

/s/ D. E. Schwartz

Secretary
TAMPA ELECTRIC COMPANY

Corporate Seal

TAMPA ELECTRIC COMPANY

Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350

Each of the undersigned officers of Tampa Electric Company (the "Company") certifies, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of the Company for the year ended Dec. 31, 2002 fully, to his knowledge, complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 7, 2003

/s/ Robert D. Fagan
Robert D. Fagan
Chief Executive Officer

Dated: March 7, 2003

/s/ Gordon L. Gillette
Gordon L. Gillette
Chief Financial Officer

TECO ENERGY, INC

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

Each of the undersigned officers of TECO Energy, Inc. (the "Company") certifies, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Annual Report on Form 10-K of the Company for the year ended Dec. 31, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 7, 2003

/s/ Robert D. Fagan
Robert D. Fagan
Chief Executive Officer

Dated: March 7, 2003

/s/ Gordon L. Gillette
Gordon L. Gillette
Chief Financial Officer