

LETTER TO OUR MEMBERS:

To Our Members:

Seminole Electric Cooperative, Inc. ("Seminole") is pleased to present the enclosed interim consolidated financial statements including balance sheets, statements of revenue and expenses and patronage capital, and statements of cash flows as of or for the periods ended September 30, 2010 and 2009.

Operations:

Total revenues increased 3%, 6%, and 5% for the quarter, year-to-date, and the twelve months ended September 30, 2010, compared to the same periods in 2009. Member revenues increased for the quarter, year-to-date, and the twelve months ended September 30, 2010 due to 3%, 5%, and 4% increases in the average wholesale rate respectively.

Total fuel expenses were 28%, 19%, and 20% higher for the quarter, year-to-date and the twelve months ended September 30, 2010 compared to the same periods in 2009. Fuel costs at Seminole Generating Station ("SGS") increased 52%, 39%, and 45% for the quarter, year-to-date, and the twelve months ended September 30, 2010. The increase for the quarter was primarily due to a 66% increase in generation partially offset by a 4% reduction in the average delivered cost per ton of coal. The year-to-date fuel cost increase was due to a 33% increase in MWhs generated combined with a 9% increase in average delivered cost per ton of coal. The twelve months ended increase was primarily due to a 29% increase in generation combined with a 16% increase in the average delivered cost per ton of coal. Fuel expenses for the Midulla Generating Station ("MGS") combined cycle unit decreased 3% for the year-to-date ended September 30, 2010 primarily due to a 5% decrease in natural gas cost/MWh (including hedges). For the twelve months ended September 30, 2010, fuel expenses at MGS combined cycle unit decreased 11% reflecting an 8% decrease in natural gas cost/MWh (including hedges) combined with a 5% decrease in MWhs generated. Fuel cost at the MGS peaking plant decreased 23% and 3% for the year-to-date and the twelve months ended September 30, 2010 compared to 2009 due to 25% and 5% decreases in MWhs generated.

Other production expenses decreased 4% for the quarter and increased 4%, and 2% for the year-to-date and the twelve months ended September 30, 2010 when compared to the same periods in 2009.

Purchased power costs decreased 20% for the quarter and 9% for the year-to-date and the twelve months ended September 30, 2010 compared to the same periods in 2009. The decreases in purchased power costs primarily result from 38%, 22%, and 19% reductions in MWhs purchased, and 23%, 8%, and 10% reductions in fuel cost. Capacity and non-fuel related costs also dropped by 14%, 10%, and 7% for the quarter, year-to-date, and the twelve months ended September 30, 2010, respectively.

Transmission expense increased 82%, 53%, and 46% for the quarter, year-to-date, and the twelve months ended September 30, 2010. The increases were primarily due to the required conversion from a Progress Energy Florida ("PEF") contract rate to PEF's Open Access Transmission Tariff.

Administrative and general expenses increased 1%, 4%, and 6% for the quarter, year-to-date, and the twelve months ended September 30, 2010. This was primarily due to the reduction in capitalization of certain employee related costs in 2010 as compared to 2009 corresponding to capital improvements which were placed in service during 2009.

Net interest expense decreased 4% for the quarter ended September 30, 2010 due to a decrease in short-term borrowings and scheduled long-term debt payments. For the twelve months ended September 30, 2010, net interest expense increased 4% due to interest on capital funding for SGS emission control upgrades and other capital improvement projects completed in 2009. Interest income was \$0.1M, \$1.3M, and \$0.9M higher for the quarter, year-to-date and twelve months ended September 30, 2010 resulting from interest earned on Rural Utilities Service ("RUS") cushion of credit account funds. Other income increased \$0.3M, \$0.7M, and \$1.3M for the quarter, year-to-date and twelve months ended September 30, 2010 primarily resulting from the accelerated amortization of a deferred gain relating to terminated SGS Unit 1 Leases.

Financial Position:

The decrease in net utility plant of \$20.0M is primarily due to depreciation. Investments held by trustees and special funds investments increased \$1.9M primarily due to an increase in the deposit balance established in the RUS cushion of credit account along with an increased balance in the Crystal River 3 nuclear decommissioning trust fund.

Current assets increased \$6.4M from 2009, due to increases in current portion of regulatory deferred charges, receivables, and in materials and supplies, partially offset by decreases in fuel inventory, prepayments and other, and in cash and cash equivalents. The current portion of regulatory deferred charges increased \$35.7M primarily due to an increase in the unrealized natural gas hedge loss position. Receivables increased \$14.9M primarily due a reduction in fuel true up credit applied on member billing for the month of September 2010 compared to 2009. Fuel inventory at September 30, 2010 was lower by \$27.2M compared to a year ago, representing a return to more normal coal inventory levels subsequent to extended SGS outages in 2009. Prepayments and other decreased \$11.0M primarily due to lower margin account requirements associated with natural gas hedge contracts. From September 30, 2009, cash and cash equivalents decreased \$7.5M.

Total equity increased \$46.1M from 2009, reflecting twelve months ended net margin of \$40.4M, and a \$5.7M increase in other comprehensive income relating to unrealized actuarial gains on postretirement health care benefits.

Long-term debt decreased during the past 12 months by \$12.5M mainly due to scheduled principal payments on existing long-term debt, partially offset by RUS loan draws of \$45.9M. Other long-term liabilities decreased by \$21.7M due to a \$16.0M decrease in contract retention, and a \$5.7M decrease in post retirement health care benefit accruals.

Total current liabilities decreased \$20.1M from 2009. The current portion of regulatory deferred credits decreased \$28.3M primarily due to a decrease in accumulated fuel true-up payables. Other accrued liabilities decreased \$9.3M principally due

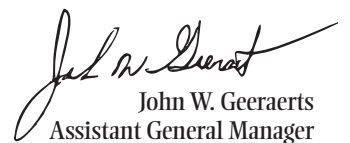
to decreases in accrued payables, and accrued purchased power payables. Member power bill prepayments increased \$10.7M. The current portion of long-term debt increased by \$3.8M due to scheduled increases in principal payments. Accounts payable increased by \$3.0M primarily due to increases in purchased power payables and other payables.

Working capital at September 30, 2010 of \$113.9M represents an increase of \$50.0M over the past 12 months. Seminole has available committed lines of credit totaling \$200.0M. Seminole achieved a current ratio of 1.35 at the end of September 2010 compared to 1.25 a year ago.

Other Matters:

On September 9, 2010 Seminole received a loan guarantee commitment I from RUS in the amount of \$112.8 million and subject to standard RUS conditions, the proceeds of which will be used for system capital improvements. Loan funds are anticipated to be available to draw beginning in the fall of 2011.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operation of Seminole and its subsidiaries for the periods presented. These statements are prepared in accordance with generally accepted accounting principles and, in all material respects, in accordance with the RUS Uniform System of Accounts. Certain reclassifications have been made to previously reported amounts to conform to current classifications. There has been no change to net margins as previously reported. These statements should be read in conjunction with the financial statements and related notes included in Seminole's 2009 annual report.


John W. Geeraerts
Assistant General Manager
and Chief Financial Officer

October 29, 2010

Consolidated Balance Sheets

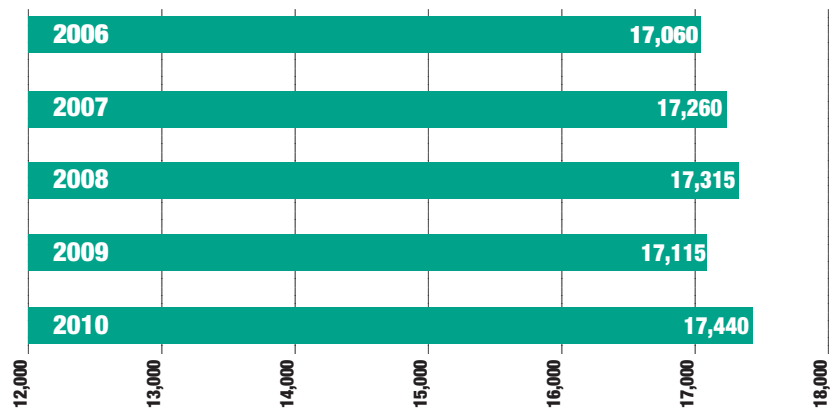
SEMINOLE ELECTRIC COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS (Unaudited) (Thousands)

	September 30,	
	2010	2009
ASSETS		
Utility plant:		
Plant in service	\$ 1,877,283	\$ 1,879,591
Construction work in progress	25,124	24,863
	<u>1,902,407</u>	<u>1,904,454</u>
Less accumulated depreciation and amortization	(607,466)	(589,552)
Utility plant, net	<u>1,294,941</u>	<u>1,314,902</u>
Investments:		
Investments in associated organizations, at cost	2,494	2,421
Investments held by trustees, restricted	32,753	30,888
Total investments	<u>35,247</u>	<u>33,309</u>
Current assets:		
Cash and cash equivalents	103,111	110,613
Other current investments, at cost	0	0
Receivables, principally for sales of electricity	94,080	79,136
Inventories, at average cost:		
Materials and supplies	26,811	25,459
Fuel	71,692	98,902
Prepayments and other	24,030	34,982
Current portion of regulatory deferred charges	95,972	60,251
Total current assets	<u>415,696</u>	<u>409,343</u>
Non current regulatory deferred charges	<u>83,474</u>	<u>83,286</u>
Total assets	<u>\$ 1,829,358</u>	<u>\$ 1,840,840</u>
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 1	\$ 1
Patronage capital	222,011	181,575
Donated capital	32	32
Accumulated comprehensive income (loss)	2,616	(3,055)
Total equities	<u>224,660</u>	<u>178,553</u>
Long-term liabilities:		
Debt	1,252,603	1,265,133
Other	24,597	46,300
Total long-term liabilities	<u>1,277,200</u>	<u>1,311,433</u>
Current liabilities:		
Short-term borrowings	0	0
Current portion of long-term debt	58,076	54,308
Accounts payable	63,904	60,973
Member power bill prepayments	128,882	118,182
Current regulatory deferred credits	12,012	40,285
Other accrued liabilities	62,406	71,656
Total current liabilities	<u>325,280</u>	<u>345,404</u>
Non current regulatory deferred credit	<u>2,218</u>	<u>5,450</u>
Total equities and liabilities	<u>\$ 1,829,358</u>	<u>\$ 1,840,840</u>
Current ratios ⁽¹⁾	1.35	1.25

⁽¹⁾ includes \$23.5 million and \$22.6 million in RUS cushion of credit account funds listed under "Investments" for 2010 and 2009.

TOTAL ENERGY SALES (MWh x 1000)

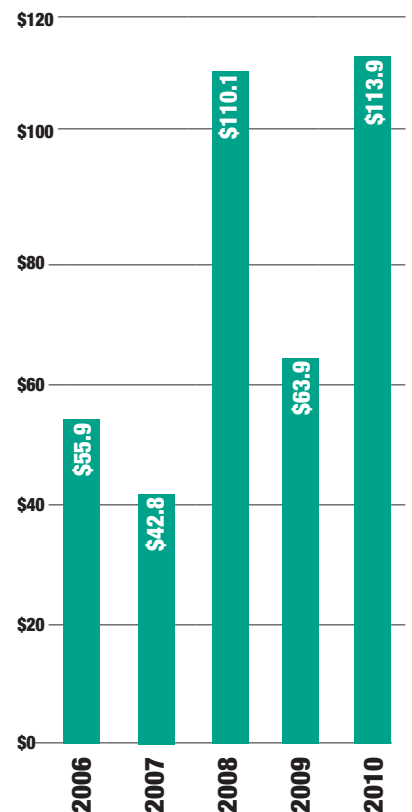
(For the twelve months ended September 30)



WORKING CAPITAL

(As of September 30)

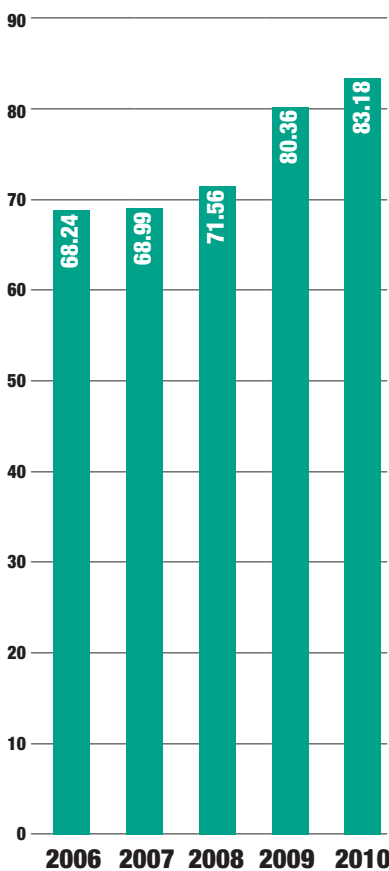
\$ x millions



WHOLESALE MEMBER COST

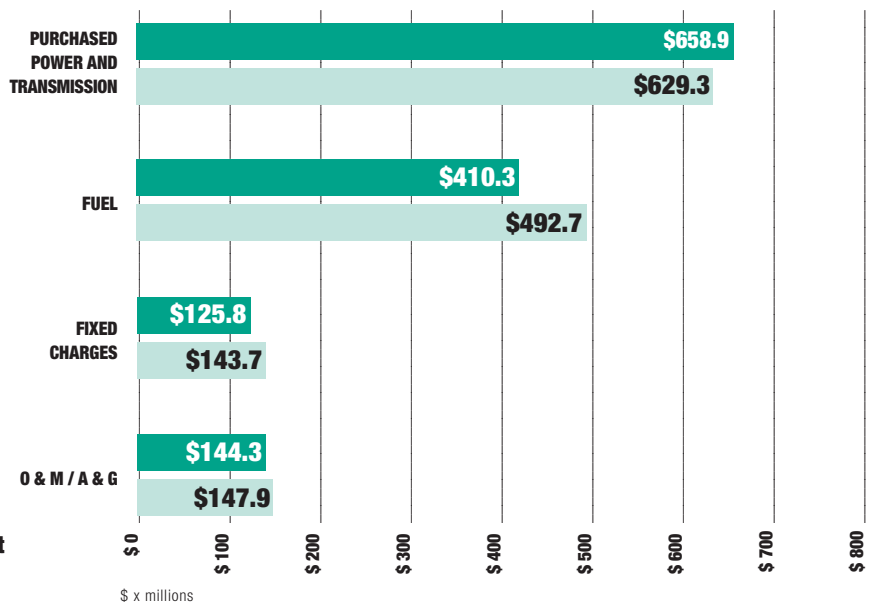
(For the twelve months ended September 30)

mills/kWh



OPERATING EXPENSES & INTEREST CHARGES

(For the twelve months ended September 30)



SEMINOLE ELECTRIC COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSES AND PATRONAGE CAPITAL
(Unaudited) (Thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Twelve Months Ended September 30,	
	2010	2009	2010	2009	2010	2009
Operating revenues	\$ 420,828	\$ 407,879	\$ 1,162,928	\$ 1,094,214	\$ 1,448,742	\$ 1,375,657
Operating expenses:						
Operation:						
Fuel	139,788	109,153	376,414	316,391	492,581	410,350
Other production expenses	25,923	26,991	90,789	87,181	120,951	118,831
Purchased power	146,922	184,479	432,798	473,711	551,756	605,901
Transmission	26,499	14,535	62,763	40,917	77,549	52,975
Administrative and general	6,599	6,521	20,584	19,884	26,894	25,474
Depreciation and amortization - non-fuel	23,387	14,858	54,195	41,869	68,883	53,995
Total operating expenses	369,118	356,537	1,037,543	979,953	1,338,614	1,267,526
Operating margin/(deficit) before interest expense	51,710	51,342	125,385	114,261	110,128	108,131
Interest expense, net of amounts capitalized	18,732	19,550	55,657	55,192	74,811	71,791
Operating margin/(deficit)	32,978	31,792	69,728	59,069	35,317	36,340
Other income:						
Interest	768	631	2,425	1,097	3,232	2,287
Other	793	447	1,625	932	1,887	542
Net margin/(deficit)	34,539	32,870	73,778	61,098	40,436	39,169
Patronage capital, beginning of period	187,472	148,705	148,233	120,477	181,575	142,406
Patronage capital retirements	0	0	0	0	0	0
Patronage capital, end of period	\$ 222,011	\$ 181,575	\$ 222,011	\$ 181,575	\$ 222,011	\$ 181,575
* Megawatt hours sold - members	4,793,382	4,926,390	13,093,430	13,153,178	16,966,233	16,942,349
Megawatt hours sold - non-members	162,719	29,729	444,693	134,008	473,402	172,157
* Wholesale member power cost - mills/kWh	85.10	82.25	86.15	82.42	83.18	80.36
Total sales - mills/kWh	84.27	82.00	85.35	81.99	82.55	79.99
TIER					1.60	1.57
MFI					1.60	1.57
DSC					1.36	1.39
* All rate schedules						

SEMINOLE ELECTRIC COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (Thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Twelve Months Ended September 30,	
	2010	2009	2010	2009	2010	2009
Cash flows from operating activities:						
Net margin	\$ 34,539	\$ 32,870	\$ 73,778	\$ 61,098	\$ 40,437	\$ 39,168
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation and amortization	23,644	16,274	54,971	44,924	68,997	54,298
Amortization of deferred gain on lease/leaseback	0	0	0	0	0	(310)
Change in assets and liabilities:						
Receivables	(5,645)	16,282	(11,329)	56,000	(14,983)	29,163
Inventories	3,331	8,021	(11,318)	(32,684)	25,858	(48,829)
Other current assets	104	55,030	(19,674)	40,159	(26,438)	(55,566)
Deferred charges	(7,504)	(1,369)	(35,372)	(15,589)	(42,434)	12,959
Other long-term liabilities	(1,704)	(460)	(1,811)	810	(15,478)	2,589
Accounts payable	1,312	9,241	20,331	(15,925)	2,931	(3,165)
Member power bill prepayments	32,507	51,955	16,533	118,182	10,700	90,874
Other accrued liabilities	5,288	(8,090)	30,008	35,311	(9,226)	12,010
Total adjustments	51,333	146,884	42,339	231,188	(73)	94,023
Net cash provided by operating activities	85,872	179,754	116,117	292,286	40,364	133,191
Cash flows from investing activities:						
Capital expenditures	(7,974)	(5,713)	(25,874)	(58,201)	(37,198)	(107,446)
Purchases of investments	(23,971)	(25,537)	(49,133)	(26,012)	(72,936)	(21,372)
Proceeds from maturities of investments	23,685	6,632	71,004	68,323	71,030	78,996
Net cash used in investing activities	(8,260)	(24,618)	(4,003)	(15,890)	(39,104)	(49,822)
Cash flows from financing activities:						
Proceeds from line-of-credit	39,370	77,664	196,750	675,678	209,340	1,019,293
Payments of line-of-credit	(39,370)	(111,494)	(196,750)	(765,993)	(209,340)	(1,019,293)
Proceeds from long-term borrowings	22,147	0	22,147	41,977	45,894	83,627
Payments of long-term debt	(12,778)	(11,985)	(38,193)	(119,420)	(54,656)	(133,836)
Payments of patronage capital credits	0	0	0	0	0	0
Net cash provided by/(used in) financing activities	9,369	(45,815)	(16,046)	(167,758)	(8,762)	(50,209)
Net increase/(decrease) in cash and cash equivalents	86,981	109,321	96,068	108,638	(7,502)	33,160
Cash and cash equivalents, beginning of period	16,130	1,292	7,043	1,975	110,613	77,453
Cash and cash equivalents, end of period	\$ 103,111	\$ 110,613	\$ 103,111	\$ 110,613	\$ 103,111	\$ 110,613

**Board Officers**

Robert W. Strickland
President

Malcolm V. Page
Vice President

W. F. Hart
Secretary/Treasurer

Chief Executive Officer

Timothy S. Woodbury
*Executive Vice President &
General Manager*

Please direct inquiries to:

Seminole Electric Cooperative, Inc.
*Assistant General Manager and
Chief Financial Officer*

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**Owned by those we serve –
10 member distribution cooperatives:**

Central Florida Electric Cooperative
Chiefland, FL

Clay Electric Cooperative
Keystone Heights, FL

Glades Electric Cooperative
Moore Haven, FL

Lee County Electric Cooperative
North Fort Myers, FL

Peace River Electric Cooperative
Wauchula, FL

Sumter Electric Cooperative
Sumterville, FL

Suwannee Valley Electric Cooperative
Live Oak, FL

Talquin Electric Cooperative
Quincy, FL

Tri-County Electric Cooperative
Madison, FL

Withlacoochee River Electric Cooperative
Dade City, FL

OUR MISSION

To be the preferred provider of wholesale energy services for our Members.

OUR VISION

To be a leading competitor in the Florida energy market, trusted and respected by our Members, employees, business partners, and community.

To provide our employees a safe, challenging and rewarding work environment, where pride and commitment are the hallmark of our operations.

OUR VALUES

We uphold the highest ethical and professional standards.

We believe that Cooperative ownership and principles are the cornerstone of our success.

We affirm that innovation, communication, accountability, and teamwork are essential ingredients to achieve Member satisfaction.

We are committed to improving the quality of life in our communities.

We are responsible stewards of our environment.



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