

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, 2011 and 2010.

Operations:

Total revenues decreased 3%, 10%, and 7% for the quarter, year-to-date, and the twelve months ended September 30, 2011, compared to the same periods in 2010. Member revenues decreased 3%, 10%, and 7% for the quarter, year-to-date, and twelve months ended September 30, 2011 respectively. The decreases are due to 2%, 6%, and 5% reductions in MWhs sold combined with corresponding 1%, 4%, and 3% decreases in the average wholesale rate.

Total fuel expenses were 9%, 8%, and 9% lower for the quarter, year-to-date, and the twelve months ended September 30, 2011 compared to the same periods in 2010. Fuel costs at Seminole Generating Station ("SGS") decreased 10% for the quarter ended September 30, 2011 due to a 5% decrease in the average cost per ton of coal burned combined with a 6% reduction in quantity of coal burned. The fuel costs at SGS for the year-to-date and the twelve months ended September 30, 2011 were 8% lower due to 10% and 9% decreases in the average cost per ton of coal burned, partially offset by a 2% increase in quantity of coal burned. Fuel expenses for the Midulla Generating Station ("MGS") combined cycle unit increased 4% for the quarter ended September 30, 2011 reflecting a 10% increase in MWhs generated, partially offset by a 5% reduction in average cost per Dth of fuel, inclusive of natural gas hedges. For the year-to-date ended September 30, 2011, fuel expenses at MGS combined cycle unit decreased 7% due to an 8% decrease in MWhs generated, partially offset by a 2% increase in average cost per Dth of fuel, inclusive of natural gas hedges. Fuel expenses at MGS combined cycle unit decreased 9% for the twelve month ended primarily due to a 7% reduction in total MWhs generated, combined with a 3%

decrease in average cost per Dth of fuel, inclusive of natural gas hedges. Fuel expense at the MGS peaking plant decreased 47%, 32% and 24% for the quarter, year-to-date, and the twelve months ended September 30, 2011 compared to the same periods in 2010. This was primarily due to 44%, 31% and 19% decreases in MWhs generated, combined with 6%, 2%, and 4% reductions in average cost per Dth of fuel, inclusive of natural gas hedges, respectively.

Other production expenses increased 11% and 3% for the quarter and the twelve months ended September 30, 2011 primarily due to increased chemical expenses at SGS and timing differences in maintenance projects at both SGS and MGS.

Purchased power costs increased 3% for the quarter ended September 30, 2011 due to a 10% increase in MWhs purchased, partially offset by a 7% reduction in fuel cost per MWh. For the year-to-date and the twelve months ended September 30, 2011, purchased power costs decreased 14% and 12% primarily resulting from an 11% decrease in MWhs purchased, combined with 9% and 6% reductions in fuel cost per MWh, respectively.

Transmission expense decreased 27% for the quarter ended September 30, 2011 primarily due to revisions to estimated rates for 2011 for transmission charges under formula rates. For the year-to-date and the twelve months ended September 30, 2011, transmission expenses decreased 10% and 2% primarily due to 8% and 6% reductions in MWs wheeled corresponding to lower Member demand sales for the respective periods.

Net interest expense decreased 2% for the quarter and 3% for the year-to-date and the twelve months ended September 30, 2011 primarily due to scheduled debt payments.

Other income increased \$0.8M for the year-to-date and \$2.2M for the twelve months ended September 30, 2011 primarily due to sales of excess NOx emission allowances.

Financial Position:

Net utility plant balances of September 30, 2011 show a decrease of \$11.0M compared to September 30, 2010. This

is primarily due to scheduled depreciation, partially offset by capital improvements to SGS and transmission facilities. Investments held by trustees increased \$93.4M for the same period primarily due to an increased deposit balance in the Rural Utility Service ("RUS") cushion of credit account.

Current assets increased \$46.5M from 2010, due to increases in cash and cash equivalents, and fuel inventory, partially offset by decreases in the current portion of regulatory deferred charges, prepayments and other, and accounts receivable. Fuel inventory increased \$18.1M primarily associated with a 34% increase in coal stockpiled at SGS in preparation for a planned coal dumper retrofit outage. The current portion of regulatory deferred charges decreased \$20.5M primarily due to a \$28.4M decrease in the unrealized natural gas hedge loss position to be recognized over the next twelve months, partially offset by an \$8.4M increase in fuel adjustment true-up receivables. Prepayments and other decreased \$7.7M primarily due to lower margin account requirements associated with natural gas hedge contracts.

Non-current regulatory deferred charges decreased \$46.6M, primarily due to a reduction in unrealized natural gas hedge contract valuation losses.

Total equity increased \$51.7M from 2010, reflecting twelve months ended net margin of \$53.2M, partially offset by a decrease of \$1.4M in other comprehensive margin relating to a reduction in unrealized actuarial gains on post-employment benefit obligations.

Long-term debt decreased during the past 12 months by \$6.2M mainly due to scheduled principal payments on existing long-term debt, partially offset by RUS loan draws of \$55.1M.

Total current liabilities decreased \$9.6M from 2010 primarily due to decreases in accounts payable and the current portion of regulatory deferred credits, partially offset by increases in other accrued liabilities and the current portion of long-term debt. Accounts payable decreased by \$18.0M primarily due to a \$14.2M decrease in purchased power payables and a \$3.3M decrease in other payables. The current portion of regulatory

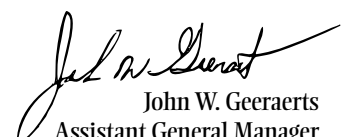
deferred credits decreased \$6.2M primarily due to a decrease in fuel adjustment true-up payable. Other accrued liabilities increased \$10.7M mainly due to increases in accrued fuel and accrued purchased power payables. The current portion of long-term debt increased by \$3.1M due to scheduled increases in principal payments. The noncurrent portion of Member power bill prepayments increased \$46.0M from September 30, 2010.

Working capital at September 30, 2011 of \$262.7M represents an increase of \$148.8M over the previous year. Seminole has available committed lines of credit totaling \$200.0M. Seminole achieved a current ratio of 1.83 at the end of September 2011 compared to 1.35 a year ago.

Other Matters:

On September 9 and 14, 2011, Seminole received \$7.4 million and \$38.5 million in respective RUS guaranteed loan funds. These advances are subject to standard RUS conditions, and were used to reimburse general funds for expenditures previously incurred for system capital improvements.

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 2010 annual report.



John W. Geeraerts
Assistant General Manager
& Chief Financial Officer
October 31, 2011

Consolidated Balance Sheets

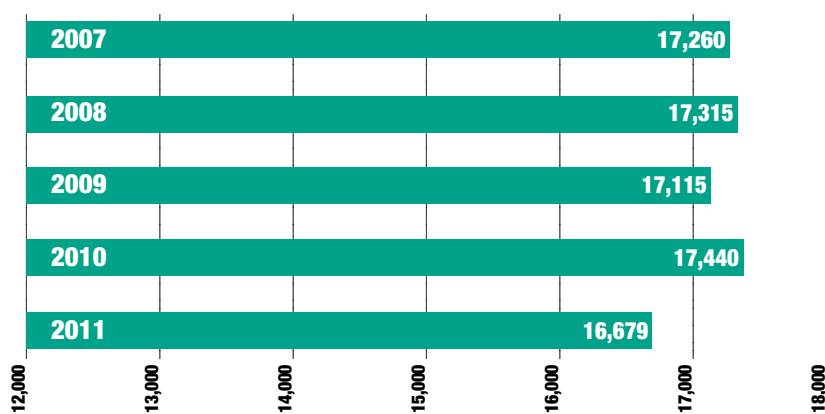
SEMINOLE ELECTRIC COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS (Unaudited) (Thousands)

	September 30,	
	2011	2010
ASSETS		
Utility plant:		
Plant in service	\$ 1,894,142	\$ 1,877,283
Construction work in progress	32,801	25,124
	<u>1,926,943</u>	<u>1,902,407</u>
Less accumulated depreciation and amortization	(643,031)	(607,466)
Utility plant, net	<u>1,283,912</u>	<u>1,294,941</u>
Investments:		
Investments in associated organizations, at cost	2,515	2,494
Investments held by trustees, restricted	126,195	32,753
Total investments	<u>128,710</u>	<u>35,247</u>
Current assets:		
Cash and cash equivalents	161,266	103,111
Receivables, principally for sales of electricity	91,425	94,080
Inventories, at average cost:		
Materials and supplies	27,884	26,811
Fuel	89,819	71,692
Prepayments and other	16,316	24,030
Current portion of regulatory deferred charges	75,493	95,972
Total current assets	<u>462,203</u>	<u>415,696</u>
Non current regulatory deferred charges	36,830	83,474
Total assets	<u>\$ 1,911,655</u>	<u>\$ 1,829,358</u>
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 1	\$ 1
Patronage capital	275,176	222,011
Donated capital	32	32
Accumulated comprehensive margin	1,188	2,616
Total equities	<u>276,397</u>	<u>224,660</u>
Long-term liabilities:		
Debt	1,246,426	1,252,603
Other	26,753	24,597
Total long-term liabilities	<u>1,273,179</u>	<u>1,277,200</u>
Current liabilities:		
Current portion of long-term debt	61,127	58,076
Accounts payable	45,894	63,904
Member power bill prepayments	129,683	128,882
Current portion of regulatory deferred credits	5,857	12,012
Other accrued liabilities	73,074	62,406
Total current liabilities	<u>315,635</u>	<u>325,280</u>
Non current Member power bill prepayments	46,000	-
Non current regulatory deferred credit	444	2,218
Total equities and liabilities	<u>\$ 1,911,655</u>	<u>\$ 1,829,358</u>
Current ratio (1)	1.83	1.35

(1) includes \$116.2 million and \$23.5 million in RUS cushion of credit account funds listed under "Investments" for 2011 and 2010, respectively.

TOTAL ENERGY SALES (MWh x 1000)

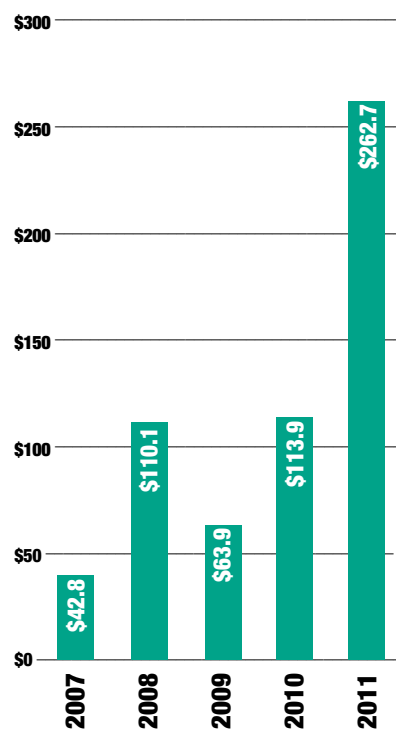
(For the twelve months ended September 30)



WORKING CAPITAL

(As of September 30)

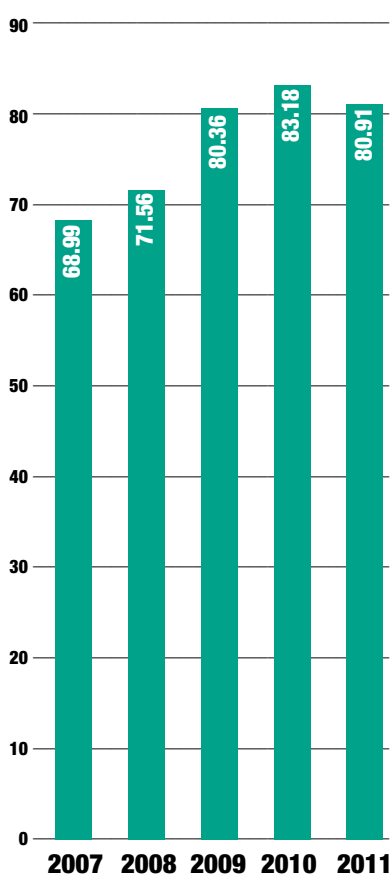
\$ x millions



WHOLESALE MEMBER COST

(For the twelve months ended September 30)

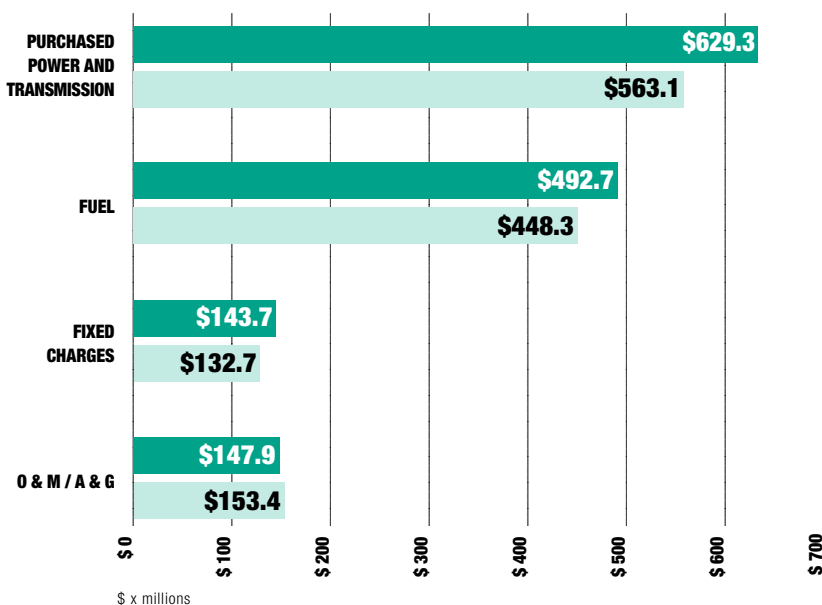
\$/MWh



OPERATING EXPENSES & INTEREST CHARGES

(For the twelve months ended September 30)

2010
2011



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,	
	2011	2010	2011	2010	2011	2010
Operating revenues	\$ 407,121	\$ 420,828	\$ 1,045,940	\$ 1,162,928	\$ 1,341,927	\$ 1,448,742
Operating expenses:						
Operation:						
Fuel	127,247	139,788	344,422	376,414	448,217	492,581
Other production expenses	28,719	25,923	91,357	90,789	124,662	120,951
Purchased power	150,922	146,922	373,511	432,798	486,715	551,756
Transmission	19,269	26,499	56,795	62,763	76,348	77,549
Administrative and general	7,076	6,599	21,702	20,584	28,715	26,894
Depreciation and amortization - non-fuel	14,291	23,387	43,607	54,195	60,073	68,883
Total operating expenses	347,524	369,118	931,394	1,037,543	1,224,730	1,338,614
Operating margin before interest expense	59,597	51,710	114,546	125,385	117,197	110,128
Interest expense, net of amounts capitalized	18,342	18,732	54,084	55,657	72,617	74,811
Operating margin	41,255	32,978	60,462	69,728	44,580	35,317
Other income:						
Interest	1,611	768	3,586	2,425	4,537	3,232
Other	487	793	2,451	1,625	4,048	1,887
Net margin	43,353	34,539	66,499	73,778	53,165	40,436
Patronage capital, beginning of period	231,823	187,472	208,677	148,233	222,011	181,575
Patronage capital, end of period	\$ 275,176	\$ 222,011	\$ 275,176	\$ 222,011	\$ 275,176	\$ 222,011
* Megawatt hours sold - Members	4,674,119	4,793,382	12,301,981	13,093,430	16,138,017	16,966,233
* Megawatt hours sold - non-Members	163,422	162,719	469,378	444,693	541,312	473,402
* Wholesale Member power cost - \$/MWh	84.62	85.10	82.46	86.15	80.91	83.18
Total sales - \$/MWh	83.75	84.47	81.45	85.48	80.01	82.66
TIER					1.81	1.60
MFI					1.81	1.60
DSC					1.43	1.36

* 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,	
	2011	2010	2011	2010	2011	2010
Cash flows from operating activities:						
Net margin	\$ 43,353	\$ 34,539	\$ 66,499	\$ 73,778	\$ 53,165	\$ 40,437
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation and amortization	14,998	23,644	44,707	54,971	61,559	68,997
Change in assets and liabilities:						
Receivables	11,207	(5,645)	27,605	(11,329)	2,660	(14,983)
Inventories	(7,091)	3,331	(9,079)	(11,318)	(19,200)	25,858
Other current assets	23,658	104	53,857	(19,674)	74,189	(26,438)
Deferred charges	(12,154)	(7,504)	(29,006)	(35,372)	(10,217)	(42,434)
Other long-term liabilities	(182)	(1,704)	(920)	(1,811)	(342)	(15,478)
Accounts payable	(5,339)	1,312	(3,884)	20,331	(18,010)	2,931
Member power bill prepayments	1,419	32,507	37,864	16,533	46,800	10,700
Other accrued liabilities	7,236	5,288	(667)	30,008	10,560	(9,226)
Total adjustments	33,752	51,333	120,477	42,339	147,999	(73)
Net cash provided by/(used in) operating activities	77,105	85,872	186,976	116,117	201,164	40,364
Cash flows from investing activities:						
Capital expenditures	(9,419)	(7,974)	(28,830)	(25,874)	(46,462)	(37,198)
Purchases of investments	(58,687)	(23,971)	(122,371)	(49,133)	(198,992)	(72,936)
Proceeds from maturities of investments	23,933	23,685	98,750	71,004	105,571	71,030
Net cash provided by/(used in) investing activities	(44,173)	(8,260)	(52,451)	(4,003)	(139,883)	(39,104)
Cash flows from financing activities:						
Proceeds from line-of-credit	-	39,370	-	196,750	1,745	209,340
Payments of line-of-credit	-	(39,370)	(95)	(196,750)	(1,745)	(209,340)
Proceeds from long-term borrowings	45,944	22,147	45,944	22,147	55,090	45,894
Payments of long-term debt	(13,452)	(12,778)	(52,981)	(38,193)	(58,216)	(54,656)
Net cash provided by/(used in) financing activities	32,492	9,369	(7,132)	(16,046)	(3,126)	(8,762)
Net increase/(decrease) in cash and cash equivalents	65,424	86,981	127,393	96,068	58,155	(7,502)
Cash and cash equivalents, beginning of period	95,842	16,130	33,873	7,043	103,111	110,613
Cash and cash equivalents, end of period	\$ 161,266	\$ 103,111	\$ 161,266	\$ 103,111	\$ 161,266	\$ 103,111



Board Officers

Robert W. Strickland
President

Malcolm V. Page
Vice President

W. F. Hart
Secretary/Treasurer

Chief Executive Officer

Timothy S. Woodbury
CEO & General Manager

Please direct inquiries to:

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

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info@seminole-electric.com

Web Address:
www.seminole-electric.com

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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