

LETTER TO OUR MEMBERS:

To Our Members:

Seminole Electric Cooperative, Inc. (Seminole) is pleased to present the enclosed interim consolidated financial statements which include balance sheets, statements of revenue and expenses and patronage capital, and statements of cash flows as of or for the periods ended March 31, 2008 and 2007.

Operations:

Total revenues increased 3% for the quarter and 5% for the twelve months ended March 31, 2008, when compared to the same periods in 2007. Member revenues increased for the quarter due to a 1.4% increase in the average wholesale rate and a 0.6% increase in kWh sold. The average wholesale member power cost increased 2.8% to 69.43 mills per kWh for the twelve months ended March 31, 2008. This increase was due to increases of 6.0% in fuel and 4.2% in non-fuel related costs. For the quarter, the increase in wholesale member power cost is due to increased non-fuel purchased power costs. This purchased power was acquired to replace capacity and energy related to a forced steam turbine/generator outage at Midulla Generating Station (MGS) which occurred in April '07.

Fuel expenses associated with generation facilities were 26% lower for the quarter and 29% lower for the twelve months ended March 31, 2008. Fuel for MGS was 87% lower for the quarter and 64% lower for the twelve months ended due to the steam turbine/generator forced outage. This was offset by fuel consumption on behalf of the MGS peaking plant which began commercial operation December 1, 2006. Fuel costs at the Seminole Generating Station (SGS) decreased for all periods ended March 31, 2008 compared to the previous periods due to lower generation resulting from the timing and duration of planned outages. Fuel cost per MWh generated at SGS increased by 2.1% rising to \$22.14 per MWh for the twelve months ended March 31, 2008 compared to \$21.69 per MWh for the same period 2007. Other production expenses increased 9% for the quarter, and 7% for the twelve months ended March 31, 2008 when compared to the same period in 2007. This was primarily due to

timing differences in maintenance costs at MGS and SGS.

Purchased power costs increased 35% for the quarter and 31% for the twelve months ended March 31, 2008. The increase is attributable to the MGS steam turbine/generator forced outage. Transmission expense decreased 18% for the quarter due to a FERC mandated refund of certain prior period excess charges from one of Seminole's transmission providers, and increased 3% for the twelve months ended March 31, 2008 due to increased Member monthly peak demand.

Net interest expense was 2% higher for the quarter and 6% higher for the twelve months ended March 31, 2008 primarily due to addition of debt interest expense associated with the MGS peakers in December, 2006. This was offset by reductions in interest for prior long-term debt balances due to scheduled principal payments. Interest income was 38% higher for the quarter and 3% higher for the twelve months ended March 31, 2008 compared to 2007 mainly due to interest received associated with the above mentioned transmission refund in 2008. Other income, net decreased for the quarter due to Nuclear Decommissioning Fund (NDTF) trading securities unrealized losses. Other income, net increased for the twelve months ended March 31, 2008 primarily due to increased volume of SO2 allowance sales.

Financial Position:

The increase in utility plant net of depreciation and retirements of \$88.2M is primarily associated with pollution control improvements to SGS Units 1 and 2. Investments held by trustees and special funds investments decreased \$10.5M mainly due to the release of debt service reserve proceeds associated with the Series 1984 H and S Pollution Control Revenue Bonds (PCRB). The proceeds have been invested short-term and are shown in Other current investments. Partially offsetting this decrease was a scheduled increase in the lease termination fund relating to SGS Unit 1.

Current assets decreased \$32.3M from 2007, primarily due to decreases in cash and cash equivalents, receivables, prepayments and other, offset by an increase in other current

investments and in materials and supplies inventory. Receivables decreased due to member prepayments, offset by an increase in fuel true-up receivable, and a member rate increase. The decrease in prepayments was primarily due to increases in the fair value of natural gas hedges. Other current investments increased due to commercial paper purchased with the restricted proceeds from the PCRB debt service reserve.

Regulatory deferred charges increased \$4.8M in 2008, primarily due to Preliminary Survey and Investigation expenditures incurred for proposed base load capacity, and refinancing costs associated with the refunding of the PCRB, offset by the scheduled amortization of deferred debt costs.

Total equity increased \$3.0M from 2007, reflecting twelve months ended net margins of \$3.5M, offset by a decrease of \$0.5M in other comprehensive income for the unrealized actuarial loss on postretirement health care coverage benefits associated with the adoption of SFAS No. 158.

Long-term debt increased in 2008 by \$40.3M mainly due to loan draws from lines of credit to finance the costs for pollution control upgrades and certain other capital improvements, primarily at SGS. This increase was partially offset by scheduled principal payments on previously borrowed long-term debt. Long-term liabilities increased by \$8.9M due to a \$7.3M increase in retention on long-term contracts, a \$0.9M increase in long-term employee benefits, and the \$0.7M scheduled accretion of an Asset Retirement Obligation on behalf of Crystal River 3 nuclear decommissioning.

Total current liabilities decreased \$1.8M over 2007. The current portion of long-term debt decreased \$13.1M primarily due to the elimination of the current portion of the refunded PCRBs. Other accrued liabilities decreased \$11.1M due to decreases of \$8.6M in interest payables resulting from 1st quarter debt service payment timing, and \$5.2M in accrued fuel adjustment, offset by increases of \$0.8M in accrued purchased power and \$1.2M in accrued fuel payables. Deferred credits increased by \$12.6M due to unrealized gains on natural gas hedges.

Working capital at March 31, 2008 of \$10.5M was \$30.5M lower than the previous year.

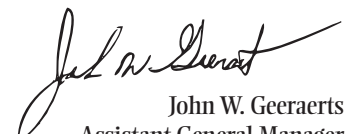
Working capital decreased due to reduced cash and cash equivalents, an increase in current deferred credits, a decrease in accounts receivable, an increase in accounts payable, and a decrease in prepayments and other, offset by an increase in other current investments, a decrease in the current portion of long-term debt, and a decrease in other accrued liabilities. Seminole achieved a current ratio of 1.06 at the end of March 2008 compared to 1.22 for the previous year.

Other Matters:

On February 25, 2008, Seminole announced its intention to convert the method of interest rate determination for the PCRBs from the current Auction Reset Securities mechanism to a fixed rate. This initiative was undertaken in response to adverse bond auction market conditions. The conversions are scheduled for closing in early May.

Repairs and retrofits from the forced steam turbine/generator outage at MGS are almost complete. The unit is expected to return to service in late May, 2008.

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 2007 annual report.



John W. Geeraerts
Assistant General Manager
and Chief Financial Officer
April 30, 2008

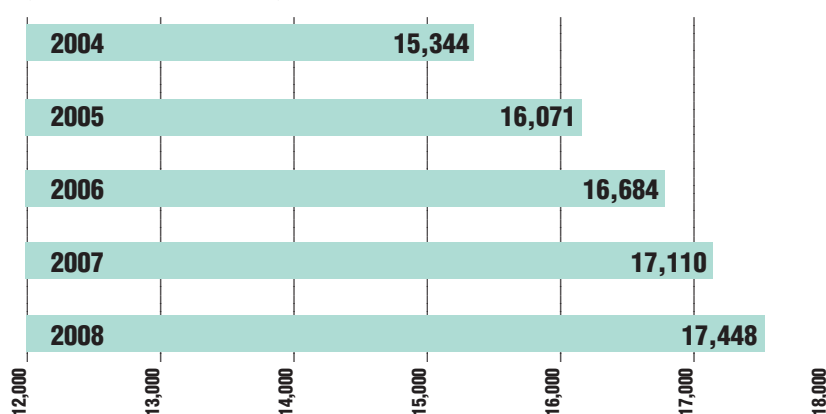
Consolidated Balance Sheets

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

	March 31	
	2008	2007
ASSETS		
Utility plant:		
Plant in service	\$ 1,574,591	\$ 1,572,045
Construction work in progress	142,100	35,964
	<u>1,716,691</u>	<u>1,608,009</u>
Less accumulated depreciation and amortization	(544,583)	(524,087)
Utility plant, net	<u>1,172,108</u>	<u>1,083,922</u>
Investments:		
Investments in associated organizations	2,364	2,223
Investments held by trustees	67,084	77,554
Total investments	<u>69,448</u>	<u>79,777</u>
Current assets:		
Cash and cash equivalents	258	25,400
Other current investments	16,920	3,772
Receivables, principally for sales of electricity	82,960	94,595
Inventories, at average cost:		
Materials and supplies	24,148	21,735
Fuel	52,567	54,213
Prepayments and other	16,987	25,443
Current portion of regulatory deferred charges	3,629	4,596
Total current assets	<u>197,469</u>	<u>229,754</u>
Non current regulatory deferred charges	<u>50,885</u>	<u>46,103</u>
Total assets	<u>\$ 1,489,910</u>	<u>\$ 1,439,556</u>
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 1	\$ 1
Patronage capital	135,006	131,498
Donated capital	32	32
Accumulated comprehensive loss	(543)	0
Total equities	<u>134,496</u>	<u>131,531</u>
Long-term liabilities:		
Debt	1,136,700	1,096,405
Other	31,730	22,866
Total long-term liabilities	<u>1,168,430</u>	<u>1,119,271</u>
Current liabilities:		
Current portion of long-term debt	44,804	57,909
Accounts payable	60,120	50,315
Other accrued liabilities	59,864	70,972
Current deferred credits	22,196	9,558
Total current liabilities	<u>186,984</u>	<u>188,754</u>
Total equities and liabilities	<u>\$ 1,489,910</u>	<u>\$ 1,439,556</u>
Current ratios	1.06	1.22

TOTAL ENERGY SALES* (MWh x 1000)

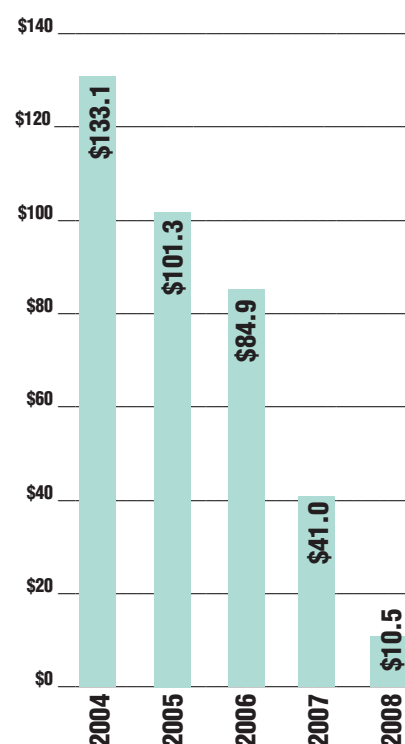
(For the twelve months ended March 31)



WORKING CAPITAL

(As of March 31)

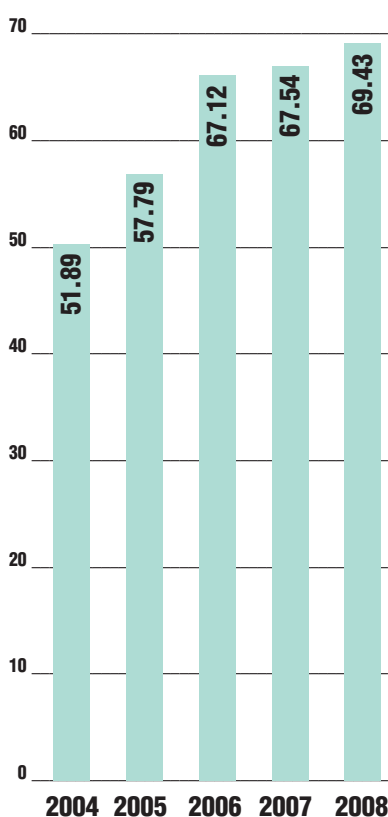
\$ x millions



WHOLESALE MEMBER COST

(For the twelve months ended March 31)

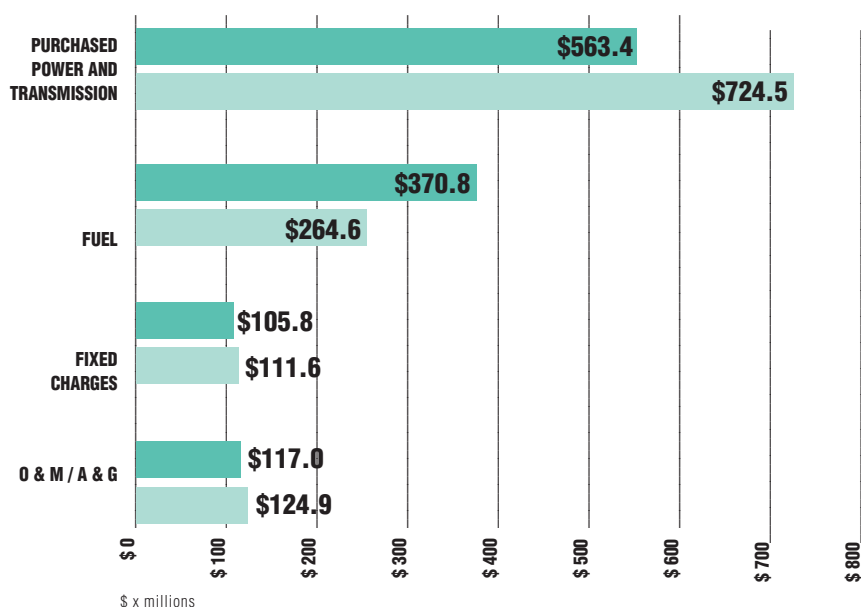
mills/kWh



OPERATING EXPENSES & INTEREST CHARGES

(For the twelve months ended March 31)

2007
2008



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

	For the Three Months Ended March 31		For the Twelve Months Ended March 31	
	2008	2007	2008	2007
Operating revenues	\$ 292,287	\$ 283,367	\$ 1,219,262	\$ 1,163,671
Operating expenses:				
Operation:				
Fuel	58,481	78,767	264,566	370,765
Other production expenses	23,883	21,968	102,457	95,851
Purchased power	141,148	104,906	681,119	521,308
Transmission	9,717	11,811	43,431	42,051
Administrative and general	6,563	6,046	22,414	21,092
Depreciation and amortization - non-fuel	12,050	12,239	48,797	46,293
Total operating expenses	251,842	235,737	1,162,784	1,097,360
Operating margin before interest expense	40,445	47,630	56,478	66,311
Interest expense, net of amounts capitalized	16,008	15,681	62,804	59,495
Operating margin/(deficit)	24,437	31,949	(6,326)	6,816
Other income:				
Interest	1,827	1,327	6,077	5,876
Other	(126)	112	3,757	1,247
Net margin	26,138	33,388	3,508	13,939
Patronage capital, beginning of year	108,868	98,110	131,498	118,201
Patronage capital retirements	0	0	0	(642)
Patronage capital, end of year	\$ 135,006	\$ 131,498	\$ 135,006	\$ 131,498
* Megawatt hours sold - members	3,810,681	3,789,787	17,254,913	16,901,566
Megawatt hours sold - non-member	94,207	39,808	193,053	207,961
* Wholesale member power cost - mills/kWh	74.61	73.62	69.43	67.54
Total sales - mills/kWh	74.17	73.37	69.32	67.47
TIER			1.06	1.24
DSC			1.02	1.13
* All rate schedules				

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

	For the Three Months Ended March 31,		For the Twelve Months Ended March 31,	
	2008	2007	2008	2007
Cash flows from operating activities:				
Net margin	\$ 26,138	\$ 33,388	\$ 3,508	\$ 13,939
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation and amortization	12,939	13,233	51,693	49,883
Amortization of deferred gain on lease/leaseback	(310)	(310)	(1,241)	(1,241)
Change in assets and liabilities:				
Receivables	16,269	(4,475)	11,618	22,462
Inventories	7,429	(4,329)	(767)	(24,185)
Other current assets	16,860	4,196	30,544	14,654
Deferred charges	307	7,931	(15,147)	625
Other long-term liabilities	(587)	95	6,278	1,897
Accounts payable	943	(6,958)	9,805	255
Other accrued liabilities	23,275	22,087	(9,403)	19,842
Total adjustments	77,125	31,470	83,380	84,192
Net cash provided by operating activities	103,263	64,858	86,888	98,131
Cash flows from investing activities:				
Capital expenditures	(25,222)	(10,064)	(137,463)	(128,753)
Purchases of investments	(998)	(605)	(145,222)	(5,411)
Proceeds from maturities of investments	192	520	145,960	4,779
Net cash used in investing activities	(26,028)	(10,149)	(136,725)	(129,385)
Cash flows from financing activities:				
Proceeds from line-of-credit	383,956	143,802	1,046,091	255,057
Payments of line-of-credit	(454,074)	(171,070)	(1,007,456)	(255,057)
Proceeds from long-term borrowings:				
new borrowings	2,652	13,823	36,046	78,952
refinancings	0	0	125,250	0
Payments of long-term debt:				
scheduled payments	(9,578)	(16,566)	(49,986)	(46,300)
refinancings	0	0	(125,250)	0
Payments of patronage capital credits	0	0	0	(642)
Net cash provided by/(used in) financing activities	(77,044)	(30,011)	24,695	32,010
Net increase/(decrease) in cash and cash equivalents	191	24,698	(25,142)	756
Cash and cash equivalents, beginning of year	67	702	25,400	24,644
Cash and cash equivalents, end of year	\$ 258	\$ 25,400	\$ 258	\$ 25,400



Board Officers

Mal Green
President

Robert W. Strickland
Vice President

Malcolm V. Page
Secretary/Treasurer

Chief Executive Officer

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

Please direct inquiries to:

Seminole Electric Cooperative, Inc.
*Senior Vice President and
Chief Financial Officer*

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Email:
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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.



IN PARTNERSHIP WITH THOSE WE SERVE

P.O. Box 272000
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