

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 flow as of or for the periods ended September 30, 2008 and 2007.

Operations:

Total revenues decreased 1%, increased 4%, and increased 4% for the quarter, year-to-date, and the twelve months ended September 30, 2008, compared to the same periods in 2007. Member revenues decreased for the quarter due to a 7% decrease in kWh sold, offset by a 5% increase in the average wholesale rate. Member revenues increased for the year-to-date due to a 4% increase in the average wholesale rate offset by a 2% decrease in kWh sold. Member revenues increased for the twelve months ended September 30, 2008 due to increases of 2% in fuel related energy revenues offset by a 4% decrease in non-fuel related energy revenues, and a 1% decrease in kWh sold.

Fuel expenses associated with generation facilities were 35% higher, 6% higher, and 7% lower for the quarter, year-to-date, and the twelve months ended September 30, 2008. Fuel expense for the Midulla Generating Station (MGS) combined cycle unit was 309% higher, 84% higher, and 14% lower for the quarter, year-to-date, and twelve months ended September 30, 2008. This was due to a return to service in the 2nd quarter 2008 for the steam turbine/generator at MGS. The associated outage began in April 2007. Fuel consumption on behalf of the MGS peaking plant decreased 73%, 79% and 53% for the quarter, year-to-date, and twelve months ended September 30, 2008 due to peaking unit outages. Fuel costs at the Seminole Generating Station (SGS) increased 2%, each for the quarter, year-to-date, and twelve months ended September 30, 2008 compared to the same periods in 2007, primarily due to increased costs for coal and coal transportation. Fuel cost per MWh generated at SGS increased by 3% rising to \$22.51 per MWh for the twelve months ended September 30, 2008 compared to \$21.93 per MWh for the same period in 2007. Other production expenses increased 21%, 3%, and 4% for the quarter, year-to-date, and the twelve months ended September 30, 2008 when compared to the same period in 2007. This was primarily due to timing differences

in maintenance costs and service outages at MGS and SGS.

Purchased power costs decreased 14%, increased 8%, and increased 15% for the quarter, year-to-date, and the twelve months ended September 30, 2008. The respective period decrease/increases are representative of the MGS steam turbine/generator outage, which returned to service in the 2nd quarter 2008. Transmission expense decreased 6% for the year-to-date due to a Federal Energy Regulatory Commission mandated refund of certain prior period excess charges from a Seminole transmission provider.

Administrative and general expenses increased 19%, 15%, and 12% for the quarter, year-to-date, and the twelve months ended September 30, 2008 mainly due to reduced staff vacancy, greater use of outside consultants, and computer software maintenance costs.

Net interest expense was 6% and 2% higher for the quarter and the year-to-date due to higher Pollution Control Revenue Bond (PCRB) interest rates. Net interest expense was 3% higher for the twelve months ended September 30, 2008 primarily due to the recognition of interest expense associated with the MGS peakers beginning in December 2006. Interest income was 15% higher for the year-to-date 2008 compared to 2007 mainly due to interest received associated with the above mentioned 2008 transmission refund, along with increased capital credits from associated organizations. Interest Income was 28% higher for the quarter due to higher investment balances. Interest Income was 4% higher for the twelve months ended September 30, 2008 mostly due to increased capital credits from associated organizations. Other income decreased for all periods due to declines in sulfur dioxide (SO₂) allowance sales compared to 2007, combined with unrealized losses for Nuclear Decommissioning Trust Fund traded securities.

Financial Position:

The increase in utility plant net of depreciation and retirements of \$149.1M primarily is associated with pollution control improvements to SGS Units 1 and 2. Investments held by trustees and special funds investments increased \$3.2M due to a scheduled increase in the SGS Unit 1 lease termination fund.

Current assets increased \$102.0M from 2007, primarily due to increases in cash and cash equivalents, prepayments and other, current portion of deferred charges, and materials and supplies

inventory, offset by decreases in receivables and fuel inventory. Cash and cash equivalents increased due to proceeds from an RUS guaranteed loan received in the 3rd quarter of 2008. Prepayments increased primarily due to decreases in fair value and increased quantity of natural gas hedges. Current deferred charges increased because of increases with the current quarter-end gas hedge purchases, combined with a decrease in contract value, which resulted in a large current deferred debit. Receivables decreased due to Member prepayments and this year's fuel adjustment true-up as an increased payable. Fuel inventory decreased due to planned reductions for the coal stock-pile, offset by the acquisition of natural gas seasonal storage.

Non-current regulatory deferred charges increased \$9.0M 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 PCRBs, offset by scheduled amortization of deferred debt costs. Total equity decreased \$9.5M from 2007, reflecting twelve months ended net deficit of \$9.0M, combined with a decrease of \$0.5M in other comprehensive income for the unrealized actuarial loss on postretirement health care coverage.

Long-term debt increased during the past 12 months by \$226.4M mainly due to RUS guaranteed loan draws of \$280.9M. This increase was partially offset by scheduled principal payments on existing long-term debt facilities. Long-term liabilities increased by \$11.8M due to an \$8.7M increase in retention on long-term contracts, a \$1.3M increase in CR3 outage reserves, an \$0.6M increase in long-term employee benefits, and an \$0.7M scheduled accretion of an Asset Retirement Obligation on behalf of Crystal River 3 nuclear decommissioning, and \$0.5 in property insurance reserve.

Total current liabilities increased \$34.6M over 2007. The current portion of long-term debt increased \$4.5M. Accounts payable increased \$8.6M principally due to other payables, offset by a decrease in purchased power payables. Other accrued liabilities increased \$21.4M mainly due to increases of \$14.4M in accrued fuel adjustment, and \$11.1M in accrued fuel payables. This was offset by a \$6.1M reduction in interest payables resulting from timing differences for 3rd quarter scheduled debt service payments.

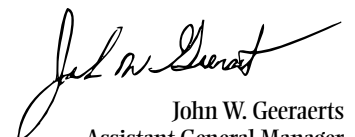
Working capital at September 30, 2008 of \$110.1M was

\$67.4M higher than the previous year. Working capital increased primarily due to an increase in cash and cash equivalents, prepayments and other, and current deferred charges. Details of these increases are provided in the current assets explanation. A decrease in accounts receivable and fuel reduced working capital as described in the current assets explanation. Working capital was reduced further by an increase in other accrued liabilities and accounts payable, which also is covered in the current liabilities explanation. Seminole has available lines of credit totaling \$220M. Seminole achieved a current ratio of 1.46 at the end of September 2008 compared to 1.21 for the previous year.

Other Matters:

On October 3, 2008, Seminole filed a formal complaint with the federal Surface Transportation Board (STB) against CSX Transportation, Inc. (CSXT), challenging CSXT's proposed charge for the continued transportation of coal from the Illinois Basin and Appalachia to Seminole Generating Station starting January 1, 2009. On October 21, 2008, the STB denied CSXT's petition to delay the proceeding.

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
October 31, 2008

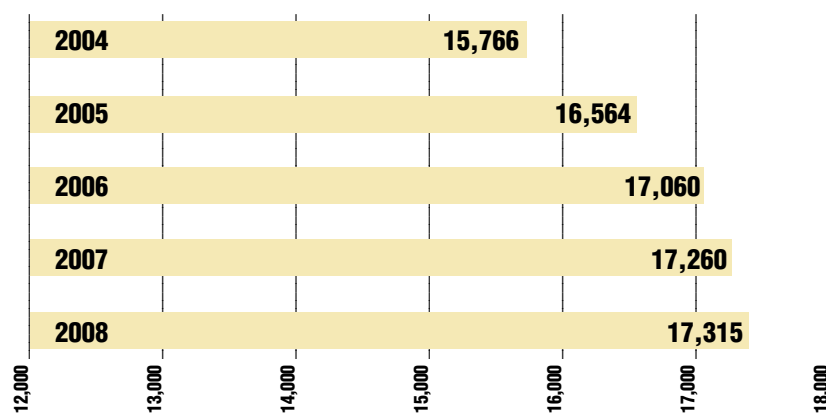
Consolidated Balance Sheets

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

	September 30	
	2008	2007
ASSETS		
Utility plant:		
Plant in service	\$ 1,616,709	\$ 1,567,002
Construction work in progress	202,952	66,054
	<u>1,819,661</u>	<u>1,633,056</u>
Less accumulated depreciation and amortization	(558,231)	(520,734)
Utility plant, net	<u>1,261,430</u>	<u>1,112,322</u>
Investments:		
Investments in associated organizations	2,365	2,237
Investments held by trustees	68,291	65,178
Total investments	<u>70,656</u>	<u>67,415</u>
Current assets:		
Cash and cash equivalents	77,453	1,677
Other current investments	15,109	16,500
Receivables, principally for sales of electricity	108,313	130,882
Inventories, at average cost:		
Materials and supplies	26,185	22,658
Fuel	49,347	58,812
Prepayments and other	44,659	11,075
Current portion of regulatory deferred charges	28,596	6,099
Total current assets	<u>349,662</u>	<u>247,703</u>
Non current regulatory deferred charges	60,399	51,391
Total assets	\$ 1,742,147	\$ 1,478,831
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 1	\$ 1
Patronage capital	142,406	151,351
Donated capital	32	32
Accumulated comprehensive loss	(543)	0
Total equities	<u>141,896</u>	<u>151,384</u>
Long-term liabilities:		
Debt	1,321,853	1,095,463
Other	38,885	27,055
Total long-term liabilities	<u>1,360,738</u>	<u>1,122,518</u>
Current liabilities:		
Current portion of long-term debt	47,159	42,628
Accounts payable	91,446	82,831
Other accrued liabilities	100,866	79,429
Current deferred credits	42	41
Total current liabilities	<u>239,513</u>	<u>204,929</u>
Other deferred credits	0	0
Total equities and liabilities	\$ 1,742,147	\$ 1,478,831
Current ratios	1.46	1.21

TOTAL ENERGY SALES (MWh x 1000)

(For the twelve months ended September 30)



WORKING CAPITAL

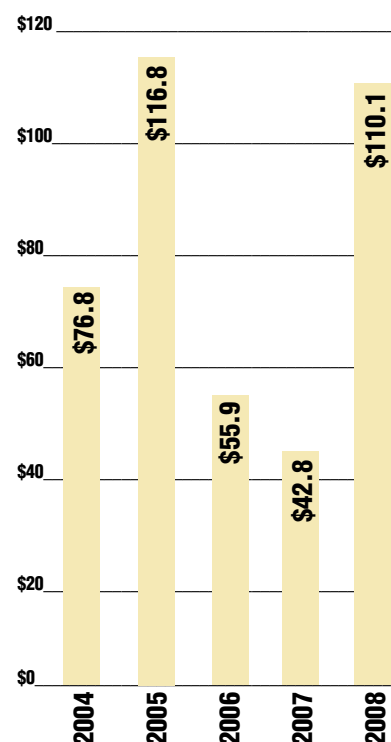
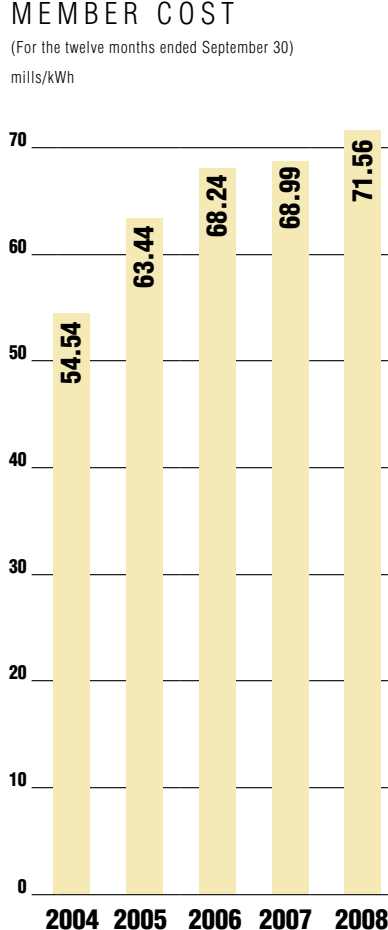
(As of September 30)

\$ x millions

WHOLESALE MEMBER COST

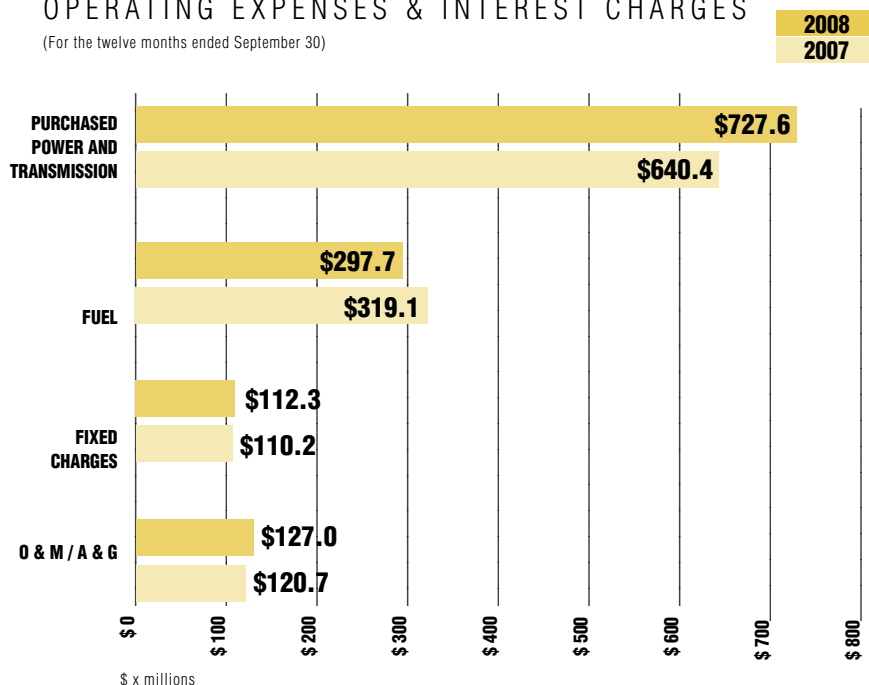
(For the twelve months ended September 30)

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	
	2008	2007	2008	2007	2008	2007
Operating revenues	\$ 408,001	\$ 410,962	\$ 1,008,785	\$ 969,850	\$ 1,249,277	\$ 1,198,233
Operating expenses:						
Operation:						
Fuel	113,659	84,448	239,631	226,787	297,695	319,142
Other production expenses	22,656	18,779	72,937	70,855	102,624	98,993
Purchased power	186,930	217,092	530,643	491,248	684,271	595,526
Transmission	12,248	12,567	33,338	35,543	43,319	44,888
Administrative and general	6,399	5,367	19,079	16,600	24,377	21,682
Depreciation and amortization - non-fuel	12,425	12,132	36,680	36,770	48,896	48,406
Total operating expenses	354,317	350,385	932,308	877,803	1,201,182	1,128,637
Operating margin before interest expense	53,684	60,577	76,477	92,047	48,095	69,596
Interest expense, net of amounts capitalized	16,691	15,737	48,107	47,191	63,392	61,792
Operating margin/(deficit)	36,993	44,840	28,370	44,856	(15,297)	7,804
Other income:						
Interest	1,520	1,192	5,019	4,370	6,224	5,984
Other	(75)	134	149	4,015	128	4,279
Net margin/(deficit)	38,438	46,166	33,538	53,241	(8,945)	18,067
Patronage capital, beginning of year	103,968	105,185	108,868	98,110	151,351	133,284
Patronage capital retirements	0	0	0	0	0	0
Patronage capital, end of year	\$ 142,406	\$ 151,351	\$ 142,406	\$ 151,351	\$ 142,406	\$ 151,351
* Megawatt hours sold - members	4,900,048	5,262,547	13,106,267	13,334,817	17,005,470	17,103,305
Megawatt hours sold - non-members	87,675	30,299	265,266	94,485	309,435	156,846
* Wholesale member power cost - mills/kWh	81.13	77.17	74.88	71.78	71.56	68.99
Total sales - mills/kWh	81.24	77.11	74.88	71.68	71.59	68.89
TIER					0.86	1.30
DSC					0.97	1.24
* 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,	
	2008	2007	2008	2007	2008	2007
Cash flows from operating activities:						
Net margin/(deficit)	\$ 38,438	\$ 46,166	\$ 33,538	\$ 53,241	\$ (8,945)	\$ 18,067
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation and amortization	18,836	12,365	45,178	38,878	58,288	51,355
Amortization of deferred gain on lease/leaseback	(311)	(311)	(931)	(931)	(1,241)	(1,241)
Change in assets and liabilities:						
Receivables	(9,301)	(11,662)	(9,076)	(40,762)	22,560	(17,812)
Inventories	12,237	8,961	8,612	(9,851)	5,938	(26,956)
Other current assets	(93,281)	(524)	(64,348)	15,896	(62,364)	28,853
Deferred charges	(927)	(1,370)	(3,655)	(6,955)	(4,224)	(12,594)
Other long-term liabilities	1,684	1,313	4,432	3,786	7,606	4,348
Accounts payable	(6,004)	22,380	32,269	25,558	8,615	38,534
Other accrued liabilities	48,538	316	64,599	30,846	23,162	(16,694)
Total adjustments	(28,529)	31,468	77,080	56,465	58,340	47,793
Net cash provided by operating activities	9,909	77,634	110,618	109,706	49,395	65,860
Cash flows from investing activities:						
Capital expenditures	(43,325)	(38,157)	(139,434)	(62,820)	(198,919)	(107,500)
Purchases of investments	(24,524)	(734)	(50,618)	(144,426)	(51,022)	(148,344)
Proceeds from maturities of investments	29,349	3,048	47,632	145,987	47,933	147,886
Net cash used in investing activities	(38,500)	(35,843)	(142,420)	(61,259)	(202,008)	(107,958)
Cash flows from financing activities:						
Proceeds from line-of-credit	289,609	239,095	937,572	512,158	1,231,351	550,571
Payments of line-of-credit	(336,974)	(273,953)	(1,046,325)	(539,426)	(1,231,351)	(550,571)
Proceeds from long-term borrowings:						
new borrowings	156,752	0	247,509	13,823	280,903	29,154
refinancings	0	0	0	125,250	0	125,250
Payments of long-term debt:						
scheduled payments	(9,987)	(8,600)	(29,568)	(34,027)	(52,514)	(48,788)
refinancings	0	0	0	(125,250)	0	(125,250)
Payments of patronage capital credits	0	0	0	0	0	0
Net cash provided by/(used in) financing activities	99,400	(43,458)	109,188	(47,472)	228,389	(19,634)
Net increase/(decrease) in cash and cash equivalents	70,809	(1,667)	77,386	975	75,776	(61,732)
Cash and cash equivalents, beginning of year	6,644	3,344	67	702	1,677	63,409
Cash and cash equivalents, end of year	\$ 77,453	\$ 1,677	\$ 77,453	\$ 1,677	\$ 77,453	\$ 1,677



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.
*Assistant General Manager and
Chief Financial Officer*

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Web Address:
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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.



IN PARTNERSHIP WITH THOSE WE SERVE

P.O. Box 272000
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