



Eastern Illini
Electric
Cooperative

your connection to powerful solutions®



2011 Annual Report | Annual Meeting Program

Thursday, June 9, 2011
Paxton-Buckley-Loda High School/Junior High

Schedule of Events

3 – 7 p.m. **Annual Meeting Registration** – \$25 bill credit

Activities and Events

Gene Trimble Band
Oscar the Talking Robot
Inflatable activities

Bucket truck rides
Q & A Booth
Energy Wise exhibits

4 – 7 p.m. **Dinner** catered by Niemerg's Catering

Seminars (Find the complete schedule on the next page. Each seminar will be offered twice.)

7 p.m.

Business Meeting

Call to Order
Pledge of Allegiance
Invocation
National Anthem
Notice and Proof of Mailing
Secretary's Report (w/ approval)
Treasurer's Report (w/ approval)
Executive Report
Director Election
Questions from Floor
Unfinished Business
New Business

7:30 p.m. **Adjournment**

A Touchstone Energy[®]
Cooperative



Seminar Schedule

Practical Living Tips, room 604

- 4 p.m. **Proper Care of Plants from Cutting to Maturity**
Jeff Kanosky, Production Manager, Bork Nurseries
- 4:45 p.m. **How to Select the Right Cut of Meat**
Dave McClure, Partner, Central Lean Quality Beef
- 5:30 p.m. **Proper Care of Plants from Cutting to Maturity**
Jeff Kanosky, Production Manager, Bork Nurseries
- 6:15 p.m. **How to Select the Right Cut of Meat**
Dave McClure, Partner, Central Lean Quality Beef

Energy Wise Living, room 606

- 4 p.m. **Why is My Energy Bill So High?**
Brian Kumer, President, Thermal Imaging Services
- 4:45 p.m. **Maximizing the Efficiency of Your Geothermal System**
Jeff Hurst, Geothermal Product Mgr., Connor Supply
- 5:30 p.m. **Why is My Energy Bill So High?**
Brian Kumer, President, Thermal Imaging Services
- 6:15 p.m. **Maximizing the Efficiency of Your Geothermal System**
Jeff Hurst, Geothermal Product Mgr., Connor Supply

Driving Safety, room 608

- 4 p.m. **Drive to Survive: Eliminating Distractions & Unsafe Practices**
GCMS Project Ignition Team
- 4:45 p.m. **Distracted Driving – Experience the Simulator**
Students Against Destructive Decisions
- 5:30 p.m. **Drive to Survive: Eliminating Distractions & Unsafe Practices**
GCMS Project Ignition Team
- 6:15 p.m. **Distracted Driving – Experience the Simulator**
Students Against Destructive Decisions

Energy Supply Update, room 610

- Continuous **Prairie State Generating Campus Video**
Learn about the newest piece in our energy portfolio

Executive Report

On behalf of Eastern Illini's Board of Directors and employees, we would like to welcome you to the 2011 Annual Meeting of Members! We hope you enjoy the meal and all of the activities.

FINANCIAL GOALS

We had a very good year in 2010. The controllable expenses were below budget and margins were sufficient to produce the required cash flow to keep our creditors satisfied. We began the year with a very cold January and some residual grain handling activity that helped the year get started on the right foot.

CAPITAL CREDIT PAYMENT PLANNED

Your Board of Directors and staff believe that Eastern Illini's financial strength now warrants **the distribution of capital credits**. The plan is to pay out margins in 2011 to those who were members in 1972 and 1973.

It has taken some time to get our financial strength to a position that we can begin to pay capital credits, but barring any unforeseen expenses, a plan has been developed to reduce the number of years of patronage capital that EIEC will retain in the future. The goal is to transition the repayment of capital credits to a 25 year cycle. It will take a few years of prudent payments to accomplish this goal, but we collectively believe that this is a good time to implement this plan.

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POWER SUPPLY

As we have discussed for several years, the Prairie State Energy Campus continues to become a reality. Construction is nearing completion and the first unit of the plant will be on line by this December. The second unit should be on line in 2012.

This plant will add **at least 30 years of stable power supply** to Prairie Power, Inc. and consequently to our generation portfolio (PPI is our wholesale energy supplier). It will represent a reduction of carbon emissions by more than 15 percent, compared to our current power supply. PPI has also signed a letter of intent to add renewable energy (wind generation) to our mix of resources.

We are working hard to keep our power costs stable, and our operating expenses low, but unfortunately that is only part of keeping your electric bills affordable. **Pending government regulation and possible federal legislation will have an impact on future electric bills.** We don't know how much of an impact yet, but we are monitoring the situation closely and will continue to keep you informed.



ELECTRONIC COMMUNICATION

EIEC continues to expand our methods of communicating with you. Our website, www.eiec.coop, is always kept up to date with valuable information and helpful tools. We are also looking at ways to utilize text messaging and social media to keep you informed as quickly as possible.

PREPAID ADVANTAGE

Eastern Illini's newest way to pay your bill is now available! The PrePaid Advantage program is a pay-as-you-go plan that offers **the opportunity to pay when you want, in the amounts you want.**

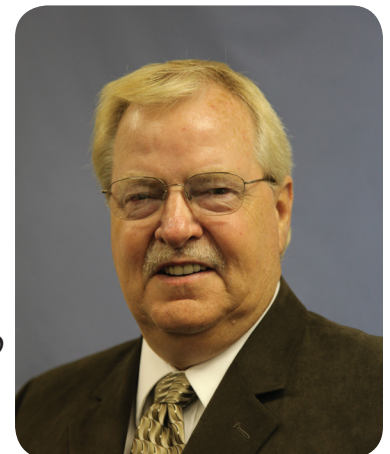
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Instead of receiving a traditional paper bill that is generated once each month, your electric use is calculated daily. If your balance gets low, you get an automatic message from us reminding you to add funds to your account. With PrePaid Advantage, there are no late fees or large deposits. We also expect that this program will help all members because it should reduce write-offs of uncollectible accounts.

We look forward to serving you in 2011, and we are proud to be **Your Connection to Powerful Solutions.**



Harold Loy, Chairman



Dave Champion, President/CEO

EIEC Board of Directors



District 2
Thomas Schlatter,
Chatsworth



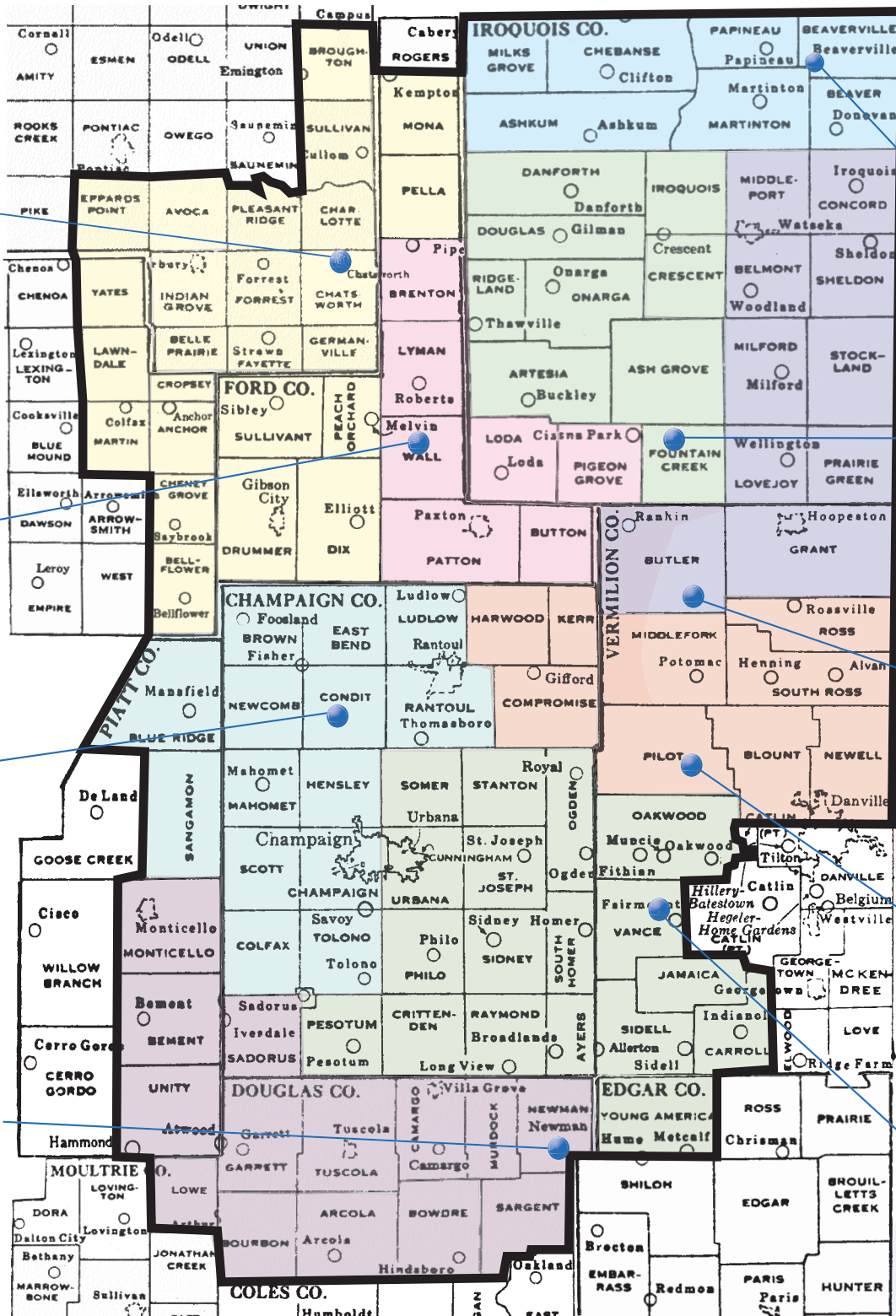
District 3
Steve Meenen, Melvin



District 7
Kay Horsch, Dewey



District 8
Herb Aden, Newman



District 1
Harold Loy, Beaverville



District 4
Bruce Ristow, Cissna Park



District 5
Marion Chesnut, Rossville



District 6
Brad Ludwig, Fithian



District 9
Jay Hageman, Fairmount

Director Election

Directorate District 2

Candidate Thomas Schlatter



Thomas Schlatter has served on the Eastern Illini Electric Cooperative Board of Directors since 2006. He currently serves as assistant secretary. He has received the Credentialed Cooperative Director Certificate from the National Rural Electric Cooperative Association.

Directorate District 9

Candidate Jay Hageman



Jay Hageman was elected to the Illini Electric Cooperative Board in 1986. He then served on the Eastern Illini Electric Cooperative Board, following the 1987 consolidation, until 1989. Hageman was re-elected to the Eastern Illini Electric Cooperative Board of Directors in 2002 and continues to serve. Hageman has received the Credentialed Cooperative Director Certificate from the National Rural Electric Cooperative Association.

Directorate District 5

Candidate Marion Chesnut



Marion Chesnut was elected to the board of Eastern Illinois Power Cooperative in 1985. He has served on the board of Eastern Illini Electric Cooperative since consolidation. He currently serves as vice chairman.

Chesnut completed the National Rural Electric Cooperative Association's (NRECA) Professional Directors Training Courses in 1988. He also received the Credentialed Cooperative Director Certificate and Board Leadership Certificate from the NRECA. He has served as the cooperative's representative on the board of directors of the Association of Illinois Electric Cooperatives since 1992, and currently serves on the NRECA Resolutions Committee.



2010 Meeting Minutes

Minutes of Twenty-Third Annual Meeting of Members, June 10, 2010

The Twenty-Third Annual Meeting of Members of Eastern Illini Electric Cooperative, Inc. was held at the Paxton-Buckley-Loda High School/Jr. High School, 700 W. Orleans Street, Paxton, Illinois on Thursday, June 10, 2010, at 7 p.m. The meeting was called to order by Chairman of the Board Harold M. Loy, who presided and acted as Chairman. Secretary of the board Thomas Schlatter acted as Secretary of the meeting and kept the minutes thereof.

CALL TO ORDER

Chairman Loy announced that the registration staff had informed him that there were 969 members present in person or by proxy, and that the attendance being in excess of 100 members, as required by the bylaws to constitute a quorum, the Chairman announced that a quorum was in attendance and he declared the meeting to be duly constituted to transact business.

PRESENTATION OF COLORS

The presentation of colors was conducted by Troop 29 of the Boy Scouts of America, followed by the recitation of the Pledge of Allegiance led by Boy Scout Jarod Clark. The National Anthem was then performed by the Gene Trimble Band.

INVOCATION

Director Bruce Ristow delivered the invocation.

INTRODUCTION OF GUESTS

Special guests of the Cooperative who attended the meeting were introduced, including Norman Conrad, attorney for the Association of Illinois Electric Cooperatives (AIEC) and retired directors Bob Thompson, Glenn Anderson and Robert Bauer.

READING OF NOTICE OF MEETING AND PROOF OF MAILING

Chairman Harold M. Loy read the Official Notice of the meeting and the Affidavit of Mailing of said Notice. The Chairman directed the Secretary to annex to the minutes of this meeting a copy of the Notice together with the Affidavit of Mailing by the Board Secretary, Thomas Schlatter.

APPROVAL OF MINUTES – 2009 ANNUAL MEETING

The minutes of the Twenty-Second Annual Meeting of Members held June 11, 2009, as printed in the 2010 Annual Report/Annual Meeting program distributed to all members, were presented for consideration. Member Jon Goembel made a motion that the rules be suspended, that the reading of the minutes of the Annual Meeting held June 11, 2009, be waived, and that the minutes be approved as presented in the official Annual Report of this meeting. His motion was seconded by member Rowe Blizzard and unanimously carried.

APPROVAL OF MINUTES – 2010 SPECIAL MEETING OF MEMBERS

The minutes of the Special Meeting of Members held January 23, 2010, as printed in the 2010 Annual Report/Annual Meeting program distributed to all members, were presented for consideration. Member Robert Apperson made a motion that the rules be suspended, that the reading of the minutes of the Special Meeting held January 23, 2010, be waived, and that the minutes be approved as presented in the official Annual Report of this meeting. His motion was seconded by member Glenn Anderson and unanimously carried.

REPORT OF TREASURER

Chairman Harold M. Loy informed the membership that since the Treasurer's Report was contained in the official Annual Report there would be no oral report describing the amounts set forth therein. He also noted that the report was posted on the Cooperative's website. However, questions about the report could be asked. The Treasurer's Report included operating statistics, the balance sheet for the year ending December 31, 2009, and December 31, 2008, respectively, and consolidated statements of revenues and expenses of the Cooperative and its subsidiaries for those two years.

The balance sheet reflected the following information for 2009:

Net Utility Plant	\$51,411,241
Total Assets	71,199,074
Long Term Debt	37,807,364
Total Members' Equity and Liabilities	71,199,074

Thereafter, the financial reporting period was concluded and Chairman Loy entertained a motion to accept the Treasurer's Report. A motion to accept the Treasurer's Report was made by member Robert Apperson. The motion was seconded by member Rowe Blizzard and was unanimously approved.

EXECUTIVE REPORT

Chairman Loy and President/CEO Champion indicated that the condition of the Cooperative for the prior year was noted in a written Executive Report included as part of the official Annual Report of the Meeting. In addition, that report was mailed to all members. It was indicated that those executives would respond to questions from the floor after the conclusion of further meeting business.

ELECTION OF DIRECTORS

Chairman Loy announced that the next item of business would be the election of directors and called upon Attorney Guy Hall to conduct that election. Mr. Hall announced that all the candidates were shown on the program and thanked all those who participated and voted. He noted that the two candidates had been serving the Cooperative as incumbents and seek reelection. Their positions were uncontested and the Credentials Committee found them to meet the qualifications for election. A brief informational statement regarding the members of the Credentials Committee is found in the 2010 Annual Report/Annual Meeting program. Mr. Hall noted that since there were no nominees other than those reviewed and approved by the Credentials Committee, the membership could waive the written ballot and elect the nominees who had filed petitions pursuant to Section 2.5 of the bylaws of the Cooperative. Mr. Hall then entertained a motion to waive the written ballot and elect the nominees approved by the Credentials Committee. Thereafter, there was motion by member Ronald Moore, which was duly seconded by member Jon Goembel to waive the written ballot and elect the nominees, Harold M. Loy and Kay Horsch. The motion was carried by a voice vote, and the nominees were duly elected by unanimous vote of the membership.

RECOGNITION OF RETIRING DIRECTORS

Chairman Loy recognized two directors who decided to retire from the Board. He recognized Director Donald Reitz and Director Charles D. Day, Jr. for their many years of service. Mr. Reitz served the EIEC and EIPC Boards from 1985 to 2009 and Mr. Day served the EIEC and IEC Boards from 1986 to 2010. Both directors were recognized for their accomplishments and received a congratulatory round of applause and farewell from the membership.

QUESTIONS FROM THE FLOOR

Chairman Loy and President/CEO Champion entertained questions from the floor regarding the operations of the Cooperative. Richard Davis of Tuscola inquired about the Credentials Committee and a concern about global warming. He indicated that he has been a member for four (4) years and wanted to address carbon dioxide issues and climate change matters. President/CEO Champion addressed the Credentials Committee matter and explained the election process. With regard to the climate change matters, Mr. Champion indicated that Eastern Illini and other cooperatives meet with legislators and their staffers in Washington, D.C. each year to address issues of concern. Climate change has been among those issues. He also referred Mr. Davis to the "Our Energy, Our Future" program and noted that there are cards available for mailing to legislators. The potential effect upon the U.S. economy of legislation being considered was addressed. It was also noted that other countries, notably China and India, are not similarly addressing carbon issues. President/CEO Champion noted his view that Congress is beginning to understand the economic effects that may result from such legislation. It was also noted that in spite of congressional activity, the U.S. Environmental Protection Agency may regulate carbon. He further indicated that the attorney for the AIEC, Norman Conrad, who is in attendance, could also address some of the issues. One member stated that corn and soybeans remove carbon dioxide from the air. Further discussion ensued regarding issues involving an experimental carbon exchange and alternative energy sources such as wind farming and the like.

UNFINISHED BUSINESS

Chairman Loy called for any additional and unfinished business to be presented. None was so presented.

NEW BUSINESS

Chairman Loy called for any new business to be presented. There was no new business presented.

ADJOURNMENT

There being no further business to come before the meeting, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 7:40 p.m.

DRAWING FOR PRIZES

The prize drawing was conducted following the adjournment of the meeting.

Financial Summary

Operating Statistics

	2010	2009
Total kWh purchased	259,607,306	254,895,474
Total kWh sold	244,509,112	234,619,832
Average number of members served	13,715	13,731
Average kWh use per month, per member	1,486	1,424
Average revenue per kWh sold to members	\$0.125	\$0.124
Average cost per kWh purchased	\$0.071	\$0.066

Revenue and Expense Statement

	2010	2009
Total operating revenue	\$30,629,309	\$29,072,634
Operating Expenses		
Cost of power	\$18,348,574	\$16,820,551
Operations and maintenance expenses	2,955,358	2,885,075
Consumer accounts expense	610,615	594,992
Customer service and information expense	738,591	746,288
Administrative and general expense	1,919,943	1,916,082
Depreciation	2,535,092	2,465,542
Interest expense	2,194,501	2,221,550
Other deductions	43,154	35,336
Total Operating Expense	\$29,345,828	\$27,685,416
Operating margins (loss)	\$1,283,481	\$1,387,218
Non-operating margins (loss)	\$1,031,776	\$1,013,930
Income or (loss) from equity investments	(108,527)	(163,919)
Net Margins for the Year	\$2,206,730	\$2,237,229

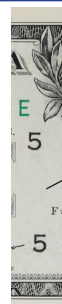
Where your electric dollar went in 2010



Power Cost - 59.91%



Operations - 20.32%



Depreciation/
Other
8.42%

Interest
7.16%

Margins - 4.19%

The enclosed financial information represents Eastern Illini's operations for the fiscal years ended December 31, 2010 and 2009. These reports were taken directly from the Cooperative's books and records which have been audited by the firm of Olsen Thielen & Co., LTD. The American Institute of Certified Public Accountants sets the standards and scope of the audit.

Balance Sheet

Assets	2010	2009
Cost of electric plant	\$84,072,564	\$81,311,808
Less: accumulated depreciation	31,755,747	29,900,567
Net Utility Plant	\$52,316,817	\$51,411,241
Cash - general	107,314	106,172
Investments	16,965,154	13,830,961
Accounts receivables, net	3,173,485	3,609,611
Materials and supplies	630,667	569,953
Prepaid and other current assets	807,250	1,671,136
Total Assets	\$74,000,687	\$71,199,074
Members' Equity and Liabilities		
Membership fees & other capital	\$(283,387)	\$21,089
Patronage capital	28,188,322	26,859,285
Operating margins	1,283,481	1,387,218
Non-operating margins	(3,095,103)	(4,018,352)
Long-term debt to CFC	38,141,918	37,807,364
Accounts payables	2,839,722	3,116,482
Notes payable - line of credit	2,161,671	2,070,634
Consumers' deposits & prepayments	553,135	532,920
Other non-current liabilities	4,210,928	3,422,434
Total Members' Equity & Liabilities	\$74,000,687	\$71,199,074

Eastern Illini Services Corporation

	2010	2009
Operating revenues	\$2,319,975	\$2,313,880
Operating expenses	2,208,677	2,200,142
Net Operating Income	\$111,298	\$113,738
Income or (loss) from equity investments	\$(238,418)	\$(294,249)
Other	18,593	16,592
Net Income (Loss)	\$(108,527)	\$(163,919)



Eastern Illini Electric Cooperative

A Touchstone Energy® Cooperative



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