

In a cooperative, every member gets a piece of the pie.



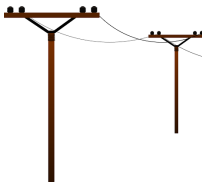
Here is an explanation of how capital credits work:



When you move into or establish a business in the Sussex Rural service territory, you become a member. The \$5 membership fee you paid is the same as the original members paid in 1937 when SREC was established as a cooperative.



At the end of each year, the profits of Sussex Rural Electric are allocated back to you based on the percentage of electricity you used.



In the interim, we use the allocated, but unretired, capital credits to improve and expand our electric system, and meet our other capital needs. This reduces our need to borrow money, which keeps costs down and helps us provide you, the member, with more reliable electric service.



Why do we do this? As a member of an electric cooperative, you invest in the efficient operation of your co-op.

Sussex Rural carefully tracks your investment into the electric co-op in your capital credit account.



Each year, the board evaluates the financial condition of the cooperative to determine if it is financially feasible and prudent to 'retire' or 'refund' capital credits. We may not retire capital credits every year. Some years, as we did last year, we may retire capital credits twice a year.



When the board decides to retire capital credits, we calculate the amount we need to pay to each member.



Your capital credit will then appear as a credit on your bill, or, in some cases, in the form of a check.

To help ensure you receive your capital credits if you leave the cooperative, it is very important that you provide us with a forwarding or current address.



Capital credits benefit all co-op members by keeping costs and electric rates as low as possible. Capital credits are how you receive your 'piece of the pie' and are just one of the many benefits of being a member of Sussex Rural Electric Cooperative.