

Dear Member,

Once again, Craighead Electric Cooperative Corporation continued its commitment to member service in a financially responsible manner.

Our total margins of \$2,793,981 were adequate to meet the requirements of mortgage agreements. Member equity in the system was 49.5 percent at the end of the year. Members were refunded \$1,206,660 in cash to redeem patronage capital credits. The redemption brings the total capital credits refunded to members to \$17,708,190.

Thomas, Speight & Noble, CPA's audited our financial records. You are welcome to examine that report.

System statistics of interest include: average meters served, 29,603, a net increase of 261 meters; more than 4,786 miles of power lines; 532,320,120 kWh used by members, down 17,842,472 kWh from the previous year; a system peak demand of 150,552 kilowatts, recorded in the month of February; and a net plant valuation of \$140,107,648 at year's end.

Additional financial data and operations information is available in this annual report.

If you have any questions concerning your electric cooperative, we are happy to answer them.

Terry Rorex, *Chairman*
Keith Mosbey, *Vice Chairman*
Len B. Nall, *Secretary-Treasurer*
Brian Duncan, *CEO*

This institution is an equal opportunity provider and employer.

Annual Meeting Official Notice

Notice is hereby given that the Annual Membership Meeting of Craighead Electric Cooperative Corporation will be held on August 26, 2016, at the headquarters in Jonesboro, Craighead County, Arkansas, beginning at 1:00 p.m., for the following purposes:


1. To pass on reports for the previous year;
2. To elect two (2) directors for the cooperative, to serve a term of six (6) years each; and,
3. To transact such other business as may properly come before the meeting.

Len B. Nall,
Secretary-Treasurer

Dated at Jonesboro, Arkansas, this 27th day of July, 2016.



Craighead Electric
Cooperative Corporation

Your Touchstone Energy® Cooperative 

Program

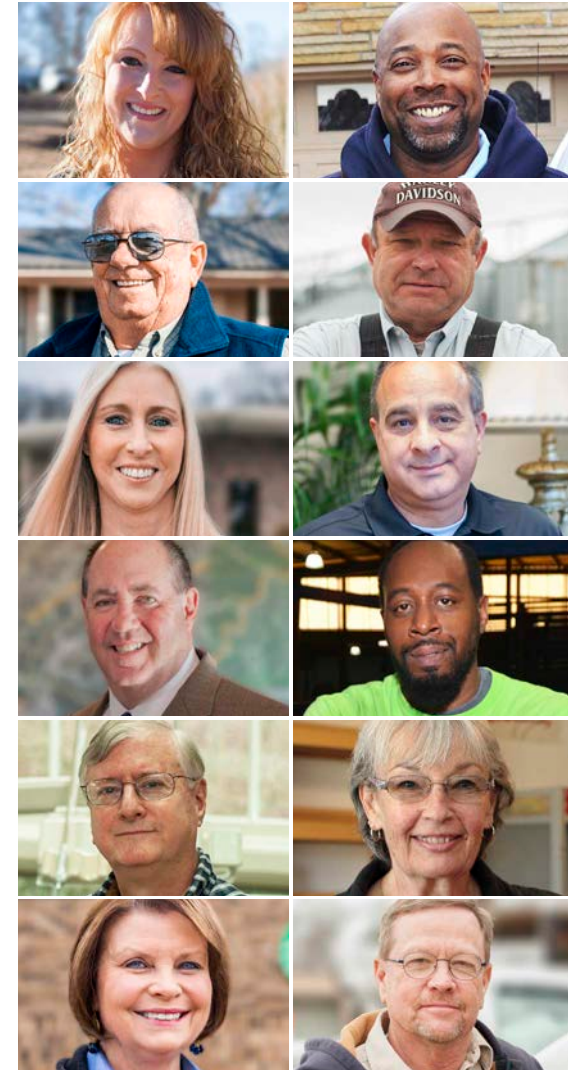
Registration: 12:30 – 1:00 p.m.

Business Session: 1:00 p.m.

This will be a business session only.

No attendance prizes will be awarded and there will be no entertainment.

Members Matter.



Craighead Electric
Cooperative Corporation

Your Touchstone Energy® Cooperative 

Members Matter.

Craighead Electric Cooperative Corporation and its wholesale energy provider, Arkansas Electric Cooperative Corporation (AECC), were founded by visionary Arkansas electric cooperative members to ensure that electric cooperative members would have access to reliable and affordable power. The electric cooperative pioneers formed Craighead Electric Cooperative Corporation because the quality of life and future of electric cooperative members depended on them.

Although energy policies, demographics and governmental regulations have changed in the past six decades, one thing has remained constant — Craighead Electric Cooperative Corporation's continued commitment to its members. As a member-owned and member-driven organization, the policies and decisions made by Craighead Electric Cooperative Corporation have one focus: Members Matter.

Across Arkansas, 17 locally owned member distribution cooperatives provide electricity to approximately 500,000 homes, farms and businesses in Arkansas and surrounding states. These members account for approximately 1.2 million residents in the state of Arkansas, representing almost every community and spanning the geographic footprint of Arkansas' mountains, valleys, rivers, streams and farmland.

Strategic Vision

Since its founding, Craighead Electric Cooperative Corporation has utilized a consistent, long-term, strategic vision to ensure that members have access to reliable

electric service at a reasonable price in a responsible manner. Craighead Electric Cooperative Corporation works to ensure members have access to the most economical electric service possible through AECC, which has a diverse generation portfolio that includes coal, natural gas, hydroelectric assets and long-term power purchase agreements. These agreements also include wind, solar and biomass energy sources. Decisions by the Craighead Electric Cooperative Corporation board of directors and leadership team are based on the ultimate short-term and long-term benefits to Arkansas electric cooperative members.

Service

Craighead Electric Cooperative Corporation and the state's other 16 electric distribution cooperatives assist the communities they serve by not only delivering power to businesses, farms and homes across Arkansas, but by helping to grow their communities through economic development efforts and supporting the business expansions and community initiatives. The cooperatives sponsor community fundraising, development and service events while employees devote hundreds of volunteer hours to projects. Electric cooperative directors and employees know that strong communities coupled with reliable, affordable electric service provide the fuel for economic growth and a sustained quality of life. Craighead Electric Cooperative Corporation directors and employees serve as advocates for our communities and our members by constantly striving to assist Arkansans in every possible manner.

We Are Arkansas

As members of 17 distinct electric cooperatives across the state, Arkansas' more than 1.2 million electric cooperative members are more than just customers. They own their local electric cooperative. As part of the structure of democratically controlled cooperatives, member directors have a vote in policy decisions and the electric cooperative leaders answer directly to their members.

Collectively, Arkansas' electric cooperatives represent the largest private business in Arkansas. This success has been powered by board members and employees who understand and implement the membership structure and philosophical vision that electric utility cooperatives exist wholly to serve their members. This mission and structure is the essence and lifeblood of the electric cooperative business model and community. Employees and members are also friends and neighbors. At Craighead Electric Cooperative Corporation members matter because that is who we are, We Are Arkansas.

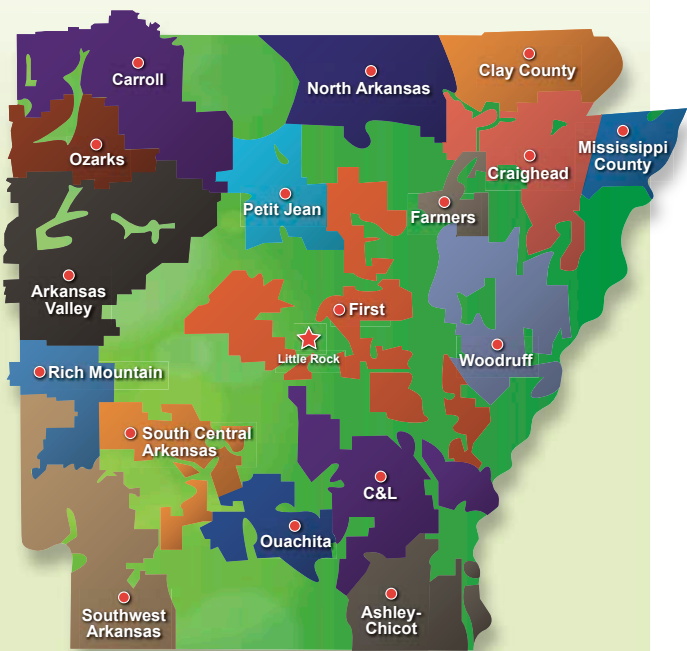


**Craighead Electric
Cooperative Corporation**

Your Touchstone Energy® Cooperative 



Members Matter.



We Are Arkansas!

Board of Directors

Terry Rorex
Chairman

Keith Mosbey
Vice Chairman

Len B. Nall
Secretary-Treasurer

J. D. Salmons

Dwight England

Steve Kueter

Bill Elliott, Jr.

Bobby Wade

Brian Duncan
CEO



Craighead Electric
Cooperative Corporation

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2015 Annual Report

Craighead Electric Cooperative Corporation

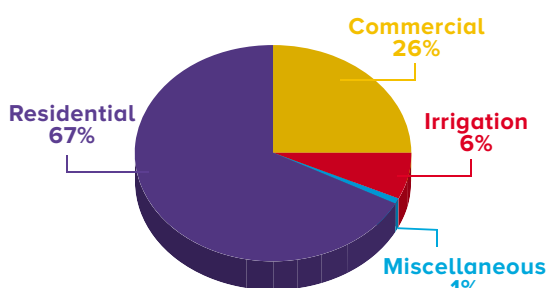
CONDENSED BALANCE SHEET

| Assets | 2015 | 2014 |
|--|-----------------------|-----------------------|
| Electric Plant | \$ 187,388,158 | \$ 177,600,571 |
| Less Accumulated Depr. | \$ (47,280,510) | \$ (44,046,699) |
| Net Utility Plant | \$ 140,107,648 | \$ 133,553,872 |
| Other Assets | \$ 25,851,229 | \$ 26,361,100 |
| Current Assets | \$ 28,021,713 | \$ 34,295,363 |
| Total Assets | \$ 193,980,590 | \$ 194,210,335 |
| Members' Equity | \$ 95,975,632 | \$ 94,321,703 |
| Long-Term Debt | \$ 80,433,323 | \$ 83,187,212 |
| Current Liabilities | \$ 8,909,040 | \$ 8,498,521 |
| Other Liabilities | \$ 8,662,595 | \$ 8,202,899 |
| Total Liabilities and Members' Equity | \$ 193,980,590 | \$ 194,210,335 |

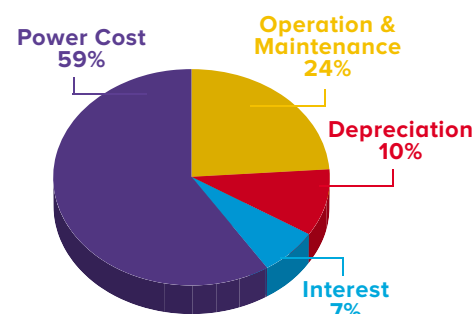
CONDENSED OPERATING STATEMENT

| | 2015 | 2014 |
|-----------------------------------|----------------------|----------------------|
| Operating Revenues | \$ 54,077,815 | \$ 58,376,318 |
| Power Cost | \$ 30,663,794 | \$ 32,681,041 |
| Operation and Maintenance | \$ 12,922,350 | \$ 13,047,440 |
| Depreciation | \$ 5,568,546 | \$ 5,191,445 |
| Interest | \$ 3,925,483 | \$ 3,934,754 |
| Total Operating Expense | \$ 53,080,173 | \$ 54,854,680 |
| Margins from Operations | \$ 997,642 | \$ 3,521,638 |
| Non-Operating Margins | \$ 1,495,872 | \$ 1,577,082 |
| Other Margins and Capital Credits | \$ 300,467 | \$ 360,854 |
| Net Margins | \$ 2,793,981 | \$ 5,459,574 |

WHERE THE DOLLAR COMES FROM



WHERE THE DOLLAR GOES



MEMBER ACCOUNTS



AVERAGE RESIDENTIAL REVENUE PER KWH SOLD

