

DEAR CARROLL ELECTRIC MEMBER,

The board of directors invites you to participate in this year's Official Business and survey. Survey results help shape the Cooperative's strategic goals. The direction of the Cooperative comes down to three simple things: safe, reliable, and affordable electricity. That's the mission of the Cooperative, and that's the focus of the board.



Last year, we heard from over 9,000 members. We'd like to hear from more of you this year. Several appreciation prizes are being offered for those who take a few minutes to complete the survey.

Thank you for supporting the Cooperative and sharing your feedback. Our team of professionals is here to serve you every day.

A handwritten signature in black ink, appearing to read "Alan Hunnicutt".

Dr. Alan Hunnicutt, DVM, Chairman of the Board

Board of Directors

Carla Hathorn, Vice Chairman

Winfred Prier, Secretary/Treasurer

Neff Basore

David Glass

Kristy Noble-Tesch

Bobby Raulston

Randy Shinn

Joe Spivey

NOTICE OF OFFICIAL BUSINESS

The Official Business of the Cooperative is being conducted in accordance with Article II of the bylaws:

ARTICLE II - OFFICIAL BUSINESS OF THE MEMBERSHIP

SECTION 1. Written Notice. Each Cooperative member actively receiving electric service, as of the day of record, shall have written notice of all official business matters as well as an opportunity to vote on such matters. The day of record shall be no more than 45 days prior to the date notice is mailed. Notice of the official business of the membership shall conform to Ark. Code Ann. §23-18-320(d)(1) and (2) and shall be deemed to be delivered when deposited for mailing to the address as it appears on the records of the Cooperative.

SECTION 2. Quorum. Unless otherwise specified herein, four percent of the Cooperative's membership on the day of record, casting a ballot or exercising a proxy, shall constitute a quorum for the transaction of official business. If different quorum requirements govern, only the actions supported by the appropriate quorum requirement shall be considered. In the absence of a supporting quorum, proposed actions shall fail and revert to the processes and provisions as defined herein.

SECTION 3. Official Business. The official business of the membership shall include:

(a) Amendments, if any, to the Cooperative's articles of incorporation.

(b) The election of director(s) to the Cooperative's board of directors.

(c) Other proposals by the Cooperative's board of directors which comply with Ark. Code Ann. §23-18-320, other relevant rules, regulations, and laws which govern the Cooperative and the provisions herein.

(d) Member proposals that comply with Article 1, Section 6 of these bylaws.

SECTION 4. Meetings of Members. The Secretary shall include with the notice of any annual member meeting, the official business matters submitted for a membership vote, a ballot and/or proxy with return postage to the Cooperative's principal business office, the manner of voting, and written financial and statistical reports from the previous year. Official business conducted at a special meeting of members shall be held at the location, date (unless otherwise determined by Article I, Section 6 and 7), and time determined by the board of directors and shall comply with Ark. Code Ann. §23-18-320 and other provisions herein. The Secretary shall include with the notice, the official business matters submitted for a membership vote, a ballot and/or proxy with return postage to the Cooperative's principal business office, and the manner of voting. If mail ballots are the only manner of voting, the meeting's location, date, and time will be considered the Cooperative's mailing address and the deadline for the final receipt of ballots.

The only Official Business coming before the membership this year is the election of directors, which is being conducted by mail ballot. Ballots may be returned from April 28, 2026, through noon on May 28, 2026. Your participation in this process is appreciated.

A handwritten signature in black ink, appearing to read "Winfred Prier".

Secretary/Treasurer, Winfred Prier



**Carroll Electric
Cooperative Corporation**
Reliable | Affordable | Local



2025 ANNUAL REPORT

REPORT FROM THE PRESIDENT/CEO



Rob Boaz

Dear Member,

Thank you for taking the time to read this year's annual report. I am pleased to share the highlights of Carroll Electric's performance in 2025.

RELIABILITY

I am proud of our team's unwavering commitment to keeping your power flowing. Last year, our reliability was 99.96% including major events, and 99.99% excluding major events. Over the past 13 years, the Cooperative has achieved record-setting reliability performance 11 times.

As a local distribution cooperative, we depend on the Bulk Power System (BPS), the interconnected network of electric generation facilities, high-voltage transmission lines, and regional operators that supply wholesale power. We continue to advocate for sound government policies that ensure the BPS maintains a strong and balanced mix

of generation resources to support dependable electric service to you.

AFFORDABILITY

The strength of the BPS also directly affects affordability. Over the past five years, wholesale power costs have comprised between 54% and 67% of the Cooperative's total expenses. In March, we released Issue 6 of On the Record (available at carrollecc.com/on-the-record), which highlights our efforts to maintain affordability and mitigate wholesale price volatility.

This mission matters. During 2025, Carroll Electric's rates were **21% below the national average**. For a member using 1,300 kilowatt-hours per month, this represents annual savings of approximately \$576.

\$576
MEMBER VALUE

GROWING TOGETHER

Like the communities we serve, Carroll Electric continues to grow. Many members are receiving this report for the first time. Welcome to Carroll Electric and to the tremendous opportunities this area offers.

Our team's dedication and expertise are essential to meeting the demands of this area's growth. I deeply

appreciate the hard work our employees have invested in numerous initiatives that strengthen service and uphold the values at the heart of our Cooperative's mission. As members of the communities we serve, it is a privilege to advance this mission of providing **safe, reliable, and affordable** electricity.

MEMBER PARTICIPATION & SATISFACTION

More than 9,000 members participated in the 2025 Membership Survey, with an overall satisfaction of 96%. Additionally, more than nine out of ten members consistently support Carroll Electric's advocacy for a reliable and affordable Bulk Power System.

96%
SATISFIED

Your feedback matters. Please take a moment to complete the enclosed survey. Our team welcomes your input throughout the year and values every opportunity to serve you better.

Sincerely,

President/CEO

MEMBER VOICES

We are so thankful to be served by a Cooperative that is member-focused.
—Steve from Eagle Rock, Mo.

Thank you to the Customer Service Representative for taking the time to explain the billing process to me.
—Kaley from Rogers, Ark.

Thank you to the vegetation management crew for the hard work clearing vegetation in our area. We appreciate the investment in reliability.
—Lawrence from Bella Vista, Ark.

Thank you for keeping us informed through your email and text messages.
—Maurice from Berryville, Ark.

The restoration crew was very courteous and efficient with their work.
—James from Alpena, Ark.

I appreciate all the hard work Carroll Electric does; it does not go unnoticed.
—Cathy from Marble Falls, Ark.



**680 MEMBERS
PARTICIPATED IN OUR
ENERGY EFFICIENCY
PROGRAMS IN 2025.**



GROWING BEYOND OUR ORIGINS

Nearly doubling our membership in 25 years has expanded our reach, strengthened our regional presence, and reinforced our commitment to the communities we serve.

REVENUE & EXPENSE STATEMENT as of December 31

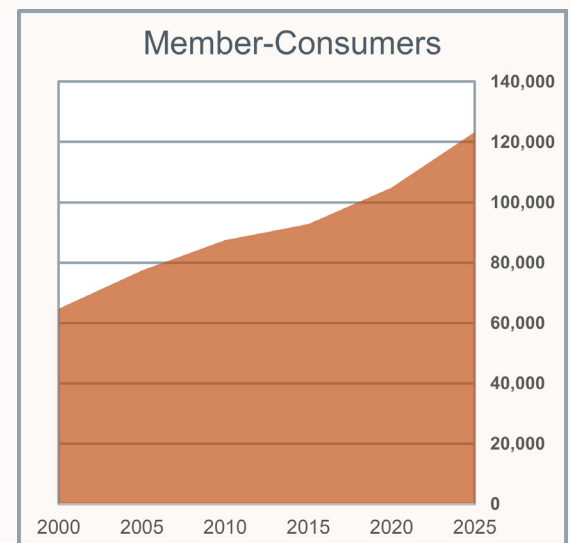
| Revenues | | 2025 |
|--|--|----------------------|
| Electric Energy Sales | | \$295,338,862 |
| Other Electric Revenue | | 5,008,443 |
| Total Operating Revenue | | \$300,347,305 |
| Expenses | | |
| Purchased Power | | \$151,037,328 |
| Interest on Debt to RUS / CFC / CoBank | | 25,867,927 |
| Operation / Maintenance | | 45,871,512 |
| Depreciation / Amortization | | 33,493,969 |
| Administrative / General | | 21,631,551 |
| Consumer Accounting / Collecting / Information | | 3,640,001 |
| Miscellaneous | | 149,610 |
| Total Expenses | | \$281,691,898 |
| Margins | | |
| Operating Margins | | \$18,655,407 |
| Other Margins and Patronage Capital | | 16,030,510 |
| Non-operating Revenues | | 6,542,826 |
| Total Margins | | \$41,228,743 |

*As reported to Rural Utilities Service

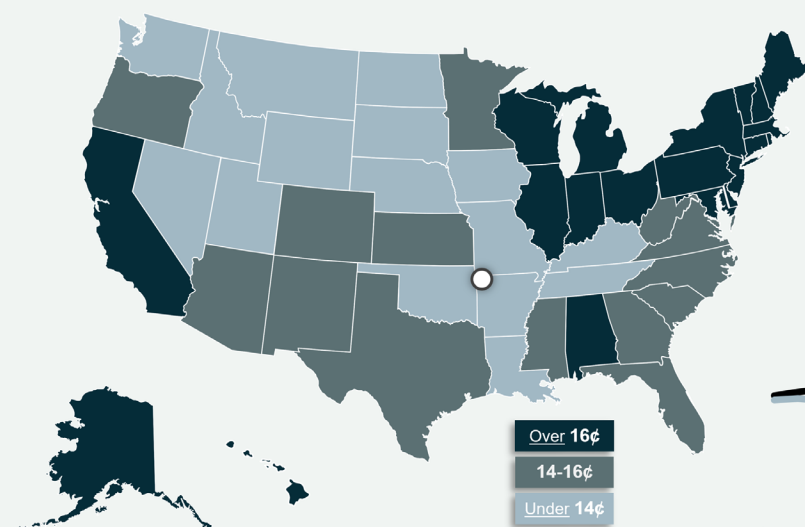
BALANCE SHEET as of December 31

| Assets | |
|--|------------------------|
| Cash on Hand | \$2,600,651 |
| Investments | 1,587,140 |
| Investments in Associated Organizations | 94,265,682 |
| Accounts Receivable | 20,820,466 |
| Inventory | 60,134,033 |
| Prepayments on Insurance, etc. | 583,404 |
| Other Assets & Deferred Debits | 22,737,953 |
| Net Utility Plant | 945,214,735 |
| Total Assets | \$1,147,944,064 |
| Liabilities | |
| Debt to RUS / CFC / CoBank | \$730,010,720 |
| Accounts Payable | 13,639,629 |
| Other Current & Accrued Liabilities | 24,020,213 |
| Deposits & Advances | 16,340,406 |
| Miscellaneous Deferred Credits | 13,721,799 |
| Total Liabilities | \$797,732,767 |
| Member's Equity | |
| Membership Fees | \$2,441,515 |
| Total Margins | 41,228,743 |
| Patronage Capital | 283,244,374 |
| Other Equities | 23,296,665 |
| Total Net Worth | 350,211,297 |
| Total Liabilities & Net Worth | \$1,147,944,064 |

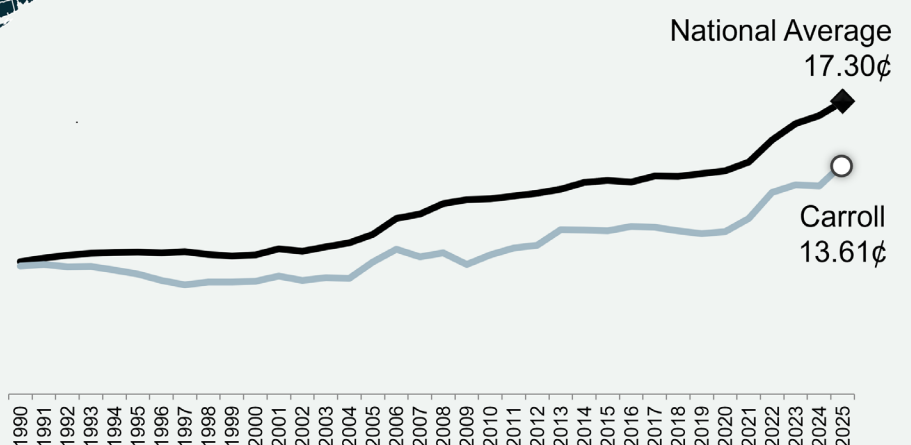
*As reported to Rural Utilities Service



✓ Affordable Rates



Carroll Electric rates are
21%
lower than
the National Average!



Source: US Energy Information Administration (eia.gov). Average Residential Prices as of year-end in cents per kWh.