

February 9, 2010

Misty Baker, Chief Financial Officer
Show Me Energy Cooperative
102 SW 58 Hwy
P.O. Box 177
Centerview, MO 64019

Dear Misty,

This letter is in response to your question about the information the member-investors of Show Me Energy Cooperative (Show Me) will receive in relation to their income tax filing requirements.

As a cooperative, Show Me files an 1120-C income tax return on an annual basis. Show Me is taxed on any taxable earnings not allocated to its members through a specific process as set forth in the Internal Revenue Code. Within eight and one-half months after Show Me's year end, which is December 31, the cooperative can elect to allocate its taxable income to its members and pay no tax at the entity level. To do this, Show Me must send its members a qualified notice of allocation indicating they are passing the earnings through to the members, and detailing how much each member is allocated. By January 31 of each year, Show Me must then send each member a 1099-PATR detailing the total income allocated to each member during the year. The income included on each member's 1099-PATR must be reported on the member's tax return for the respective year. If Show Me does not have taxable earnings, there is no income allocation and there will be no 1099-PATRs filed. As a cooperative, Show Me is not able to pass its losses through to its members. Instead, those losses are carried forward on the 1120-C to offset future taxable income.

In summary, the members of Show Me will receive a 1099-PATR only for the years in which the cooperative had taxable earnings and the earnings were allocated to the members with qualified notices of allocations. As owners of a cooperative, the owner-investors do not receive a K-1, which allocates both income and losses, as is the case for owners of a partnership, an S-corporation, or a limited liability company.

If you have any additional questions, please let me know.

Sincerely,



Troy D. Norton
Member Owner