It’s A NEW Day
**Mission Statement**

Cobb Electric Membership Corporation shall provide safe, adequate and reliable electric service and other energy related services to its members/consumers. Our primary focus will be to provide superior service through a professional staff, competitive rates and sound business principles. The organization further dedicates itself to being a corporate citizen within the community and a recognized leader in the utility industry.

Cobb EMC serves portions of Cobb, Cherokee, Fulton, Bartow and Paulding counties in the metro Atlanta area and Calhoun, Clay, Quitman and Randolph counties in southwest Georgia.
ANNUAL MEETING

In compliance with the bylaws of Cobb Electric Membership Corporation, Article II, Section 3, you are hereby notified that the 2011 and 2012 annual meeting of the Cobb Electric Membership Corporation will be held at Piedmont Church, 570 Piedmont Road, Marietta, Georgia, on Saturday, September 15, 2012.

Registration will begin at 8 a.m. and close with the start of the business session at 10 a.m. Photo identification must be provided at registration.

The order of business as set forth in Article II, Section 8 of the bylaws will be followed.

In the event that a vote by the membership is necessary and you cannot attend, you may appoint a qualified member of your household to vote in your stead. Please see the information below on voting by proxy.

PROXY

Voting by Proxy - Residential

Article II, Section 5 - VOTING:
Each member shall be entitled to one (1) vote, and no more, upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon, in person or by proxy, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or the bylaws.

If a husband and a wife hold a joint membership, they shall jointly be entitled to one (1) vote, and no more, upon each matter submitted to a vote at a meeting of the members. If a member is absent and his/her spouse is present, she/he may vote in the member’s stead.

Article II, Section 7 - PROXIES:
At any meeting of the members of the Cooperative, any member may be represented and vote by a written proxy executed and delivered by an adult member (age 18 or older) of his/her family, residing in his/her home.

As a member of Cobb Electric Membership Corporation, I, the undersigned appoint _________________________________________________ my proxy to vote in my stead at the meeting of the members to be held in Marietta, Georgia, on Saturday, September 15, 2012, hereby ratifying and confirming my proxy in my stead.

____________________________________________________________________________
Member’s Signature

Date

Note: Proxy must be hand delivered, in accordance with bylaws.

Voting by Proxy - Business or Religious Organization

Business and religious organizations who are members of Cobb EMC have a right, pursuant to Article II, Section 5 of the Cobb EMC bylaws, to one (1) vote at the annual members’ meeting. In order to ensure that each such member is allowed that vote, a procedure is established by policy bulletin #65 to standardize the manner in which voting is permitted by proxy.

Proxy By Business or Religious Organization

I, ____________________________________________, certify that I am the __________________________ (title) of __________________________ (business/organization) and that ____________________________________________ (business/organization) is currently organized and operating under the law of __________________________ (state) and that I am authorized by my business or religious organization to cast this proxy for that organization.

This ______ day of _________ 2012.

______________________________________________
Signature

Note: Proxy must be hand delivered, in accordance with bylaws.
2012 marks the 74th year Cobb EMC has delivered on its promise to provide reliable electric energy at the best possible price to its membership. In 1938, the concept of enjoying all the conveniences electricity could bring was very new. However, a group of like-minded individuals understood that the quality of life of residents in the area depended upon successfully bringing electricity to people. Through their efforts, Cobb EMC was formed and a new day dawned.
In 2012, Cobb EMC is experiencing, once again, a new day rich with new opportunity to serve its members. Over the past year, many changes have occurred, including the permanent hiring of a new Chief Executive Officer and the election of an entirely new board of directors. Former Cobb EMC Chief Operations Officer and interim President/CEO, W. T. (Chip) Nelson III, a 37-year employee, became the Cooperative’s sixth CEO since its inception in 1938. In two separate elections and one runoff election, 10 new board members representing all Cobb EMC areas were elected and currently serve the members of Cobb EMC.

Some of the initiatives on which the new board has begun to work include revising the corporate bylaws, conducting a survey of member opinions, studying the options for mail-in and/or electronic voting in elections, and developing a strategic plan for the company’s future. A Governance committee has been formed to determine and propose bylaw changes, as well as addressing open board meetings. A forensic audit of Cobb EMC’s records is another priority for the new board.

In other new developments this year, former Cobb Energy employees have been transferred back to Cobb EMC, and a new Cobb EMC/Gas South call center currently provides the customer service formerly performed by ProCore Solutions.

For the first time, quarterly reviewed financial statements and monthly financials and board minutes are being posted on the Cobb EMC corporate website, www.cobbemc.com. In April, after the first meeting of the 10 new board members, a town hall meeting was held for members. During this meeting, board members spoke to the members and answered questions from the audience. A new corporate logo was also unveiled at the town hall meeting and introduced as a visual reminder that Cobb EMC is experiencing a new day. A second town hall meeting was held in July. Additional meetings will be announced as they are scheduled.

Cobb EMC has also ended its involvement with the Power4G Georgians Plant Washington coal-fired generation facility project. In re-assessing the future requirements for electric load in our area, it was determined that the additional load from the new plant was not needed.

Cobb EMC recently completed the switch to a smart grid meter system, which uses two-way communications over a secure wireless network to provide members the latest in advanced metering technology. This project was made possible by an award from the U.S. Department of Energy of nearly $17 million, half the cost of installing 195,000 new smart meters. An accompanying meter data management system helps Cobb EMC collect and analyze long-term use data to improve overall operation of our distribution grid.

In April, we announced a power purchase agreement with CBRE Solar and Jacoby Development, Inc. for 10 megawatts of generation from the photovoltaic Azalea Solar Power Plant to be built in Washington County, Georgia. Cobb EMC will purchase all of the plant’s generation for the next 25 years, allowing us to add solar generation to our distributed energy mix.

In June, Cobb EMC announced the retirement of $7 million in patronage capital credits. The 38,000 members who received electric service from Cobb EMC in the years 1957–1971 are eligible for this refund. This was the first return of capital credits since 1976. Cobb EMC’s policies permit patronage capital to be returned to members when Cobb EMC’s board of directors believes it can be done without adversely impacting the financial condition of the Cooperative, or its ability to serve its members. The retiring of patronage capital credits is also limited by Cobb EMC’s contracts with lenders and power suppliers. Based on a review of the Cooperative’s financial condition, its expected future growth and contractual obligations, the board approved a general retirement of all patronage capital allocated in years 1957–1971.

The new day at Cobb EMC has been made possible by the commitment of members, employees and the community over the past year. We would like to say thank you. A special thank you is also appropriate for our friends at Piedmont Church who have so graciously shared their beautiful facility for our use during a series of meetings of the members.

We look forward to a great future for Cobb EMC.

Ed Crowell, Chairman

Chip Nelson, President/CEO
In November 2011, four new directors were elected to the Cobb EMC board. In March and April 2012, they were joined by an additional six new directors. This group of 10 Cobb EMC members, now directors, are committed to learning about the electric utility industry and meeting the needs of the members they serve.
Cobb EMC Service Area

Cobb Electric Membership Corporation is governed by a board of 10 directors, elected from and by the membership. The 10 positions are elected on a rotation basis. The directors serve three-year terms representing their respective geographic areas.

Area: 1 - Edward Crowell - Chairman, Area: 2 - Rudy Underwood, Area: 3 - Kelly Bodner, Area: 4 - David McClellan, Area: 5 - Tripper Sharp, Area: 6 - David Tennant - Vice Chairman, Area: 7 - Malcolm Swanson, Area: 8 - Bryan Boyd, Area: 9 - Eric Broadwell, Area: 10 - Cheryl Meadows - Secretary/Treasurer

Left to Right: Edward Crowell - Chairman, Kelly Bodner, David McClellan, Malcolm Swanson, Eric Broadwell, Chip Nelson - President/CEO, Tripper Sharp, Cheryl Meadows - Secretary/Treasurer, David Tennant - Vice Chairman, Rudy Underwood, Bryan Boyd
The electric utility industry demands that Cooperative directors understand the challenges facing cooperatives in today’s uncertain environment. Your directors must constantly consider policies affecting the co-op. It’s not an easy task, but your Cobb EMC board of directors has devoted many hours and tireless effort to making the most informed decisions possible to benefit the Cooperative and its members.

Edward Crowell
Area: 1
Ed Crowell serves as chairman. He has worked for 20 years as CEO of Cobb-based Georgia Motor Trucking Association, Inc. Crowell has more than 15 years experience serving as a board member for several national member-based organizations and 19 years of government affairs work. He and his wife, Cynthia, reside in Powder Springs and have two children.

Rudy Underwood
Area: 2
Rudy Underwood has 30 years experience managing public affairs, public policy and public relations issues with membership-based organizations in Georgia. He is an active member of Burnt Hickory Baptist Church. Underwood and his wife, Carol, live in Marietta and have two adult daughters.

Kelly Bodner
Area: 3
Kelly Bodner is a Cobb County school teacher and Georgia’s 2012 Elementary Science Teacher of the Year. She holds a Master’s degree in Education. In addition to her teaching activities, Bodner volunteers as a Smyrna Tee Ball board member, a soccer league communications coordinator and a Scout leader. Bodner and her husband, Jack, live in Smyrna with their son.

David McClellan
Area: 4
David McClellan is a certified public accountant and certified cash manager with more than 30 years of managerial and executive experience in public accounting for Fortune 500 and privately held companies. He has been active in youth softball coaching and the Y-Guides parent/child program. He and his wife, Carmen, live in East Cobb and have two adult children.
Tripper Sharp  
**Area: 5**  
William “Tripper” Sharp III is a graduate of Wheeler High School and received a B.S. in Political Science from Kennesaw State University. He is currently employed as a mortgage officer with Generation Mortgage. Sharp is a founding member of the Cobb EMC Owners Association (CEOA) and has served on the executive committee of the CEOA.

David Tennant  
**Area: 6**  
David Tennant serves as vice chairman. He served as the COO of a publicly held company with energy experience spanning more than 25 years. He holds a B.S. in Mechanical Engineering from Florida Atlantic University, an M.S. in Technology and Science Policy from Georgia Tech and an Executive M.B.A. from Kennesaw State University. He and his wife, Jan, live in Kennesaw and have two grown children.

Malcolm Swanson  
**Area: 7**  
Malcolm Swanson has owned a screen-printing and embroidery business in Cobb County for the past 27 years. He served on the Cobb County Parks and Recreation Commission for more than 15 years and as chairman for two terms. Swanson is married to Nancy Dansby Swanson and they have three children.

Bryan Boyd  
**Area: 8**  
Bryan Boyd is vice president at Pacesetter Graphics. Prior to joining Pacesetter Graphics, Boyd started a printing company, and, within eight years, turned it into a multi-million dollar-per-year supply company. Boyd and his wife, Stacy, reside in the Hickory Springs subdivision and they have three daughters.

Eric Broadwell  
**Area: 9**  
Eric Broadwell has a background in aerospace engineering, technology consulting and nonprofit management, and has consulted for a local utility to implement a GIS support system for smart meters. He serves on the state level nonprofit board for Georgia Bikes and is a former president of Bike Roswell. He and his wife, Olya, live in Roswell and have three children.

Cheryl Meadows  
**Area: 10**  
Cheryl Meadows serves as secretary-treasurer. She received a B.S. in Business Education from Valdosta State University. Meadows and her husband, Harold, have traveled extensively throughout the world. They live in the Pataula District in southwest Georgia.
At the end of 2011, President/CEO Chip Nelson announced that the company would adopt a new logo to represent the new day at Cobb EMC as the electric cooperative moves forward to serve its more than 175,000 members. At the first town hall meeting, hosted by the board of directors in April, the logo was presented to members. During the meeting, temporary banners replaced the former logo on the two monument signs at the corporate office.

The new logo will be phased into use on all corporate signs, trucks, clothing, print materials, literature, stationery and digital media.
In an effort to streamline its operations, Cobb EMC has consolidated its formerly outsourced call center and customer care functions in-house. Many of the employees who previously handled the Cooperative’s calls have been hired by Cobb EMC and continue to deliver the excellent customer care and account service Cobb EMC’s members have come to expect.

Similarly, Gas South, a wholly-owned subsidiary of Cobb EMC, has also brought the call center function in-house for their natural gas customers and occupies the same facility as Cobb EMC’s member service group. The transition for both companies has occurred seamlessly with no interruption of service to co-op members and natural gas customers.
Over the past 20 years, Cobb EMC has made substantial investments in its infrastructure, building one of the most technologically advanced power control systems in the world. Recognizing Cobb EMC’s innovation, in 2010, the U.S. Department of Energy awarded Cobb EMC nearly $17 million to implement advanced metering infrastructure (AMI) smart grid technologies. The grant was used to install 195,000 smart meters.

Cobb EMC recently completed the switch to a smart grid meter system, which uses two-way communications over a secure wireless network to provide members the latest in advanced metering technology. Upgrades were made at no additional cost to metered residential and commercial members. Cobb EMC’s digital meters, or smart meters, read up-to-the-minute electric energy use information remotely and allow customers to track their electricity use by the hour.

Smart meters are approximately the same size as dial meters but feature an LCD digital display showing how much energy has been used. Unlike traditional meters, which were read once a month manually by a meter reader, new smart meters transmit daily readings to the Cooperative. Energy use and charges are in no way affected by the type of meter. Like traditional meters, Cobb EMC owns the new smart meters, and they are part of our electrical distribution system. The meter base is still owned by the member.

The automated system improves member service, allowing Cobb EMC to handle more connects, re-connects and transfers of service remotely and immediately. Reducing the number of trucks on the road also saves time and resources and helps contribute to cleaner air throughout our service area. The new meters detect the loss of power during outages and send out an alert, allowing Cobb EMC to quickly detect the location and restore power to members.

Cobb EMC receives detailed information on member electric use for billing, and automation ensures accuracy. This data also aids in allocating crews more efficiently and identifying under- or over-used transformers. Additionally, automated readings help Cobb EMC quickly spot meter tampering and energy theft, reducing costs that must be passed on to the Cooperative.
he AMI project also included the installation of a meter data management (MDM) system that helps Cobb EMC collect and analyze long-term use data to improve overall operation of our distribution grid. MDM imports and validates data, and then processes it for future billing and analysis. A benefit to the member is that Cobb EMC is now able to display hourly energy use data at www.cobbemc.com.

This data also helps us create time-of-use billing rates. Members who alter their behavior to reduce use during peak times can qualify for reduced pricing. Time-of-use is defined as specific on-peak times during summer days when electricity is more expensive. Critical Peak Pricing includes an additional tier for extreme peak days that typically occur Monday–Friday from June to August between 3 p.m. and 8 p.m.

In addition to the MDM display, the corporate website also now includes monthly board of directors meeting minutes and financials and quarterly reviewed financial statements. Cobb EMC has also developed a mobile website to allow members to access their accounts efficiently anytime on a smartphone.
Solar and Jacoby Development, Inc. have signed a power purchase agreement with Cobb EMC to buy generation from the largest solar power plant to be built in Georgia, and one of the largest in the Southeast. The 10-megawatt photovoltaic ground-mounted project will be built in Washington County, Georgia. It is expected to be complete by the end of this year and will create up to 75 local construction jobs.

Under terms of the agreement, CBRE Solar—a strategic collaboration between CBRE Group, the largest real estate services company in the world, and Smart Energy Capital, a leading solar development and finance company—and Jacoby Development, a leading redeveloper in the Southeast, will develop, finance and build the facility and sell all of the power to Cobb EMC through a 25-year power purchase agreement.

When it is possible to add renewable energy to Cobb EMC’s distributed energy mix without causing significant cost to members, Cobb EMC is pleased to do so. This new solar generation will help assure a diverse supply of reliable electric energy.
In June, approximately 38,000 current and former Cobb EMC members who received electric energy from Cobb EMC during the years 1957-1971 were notified of a $7 million retirement of patronage capital credits earned during that time period. This represents the first return of capital credits since 1976. Approximately 500 current, active residential and commercial customers were among the 38,000.

Cobb EMC’s bylaws require that all funds in excess of operating costs be assigned to Cobb EMC’s members in proportion to each member’s purchases from the Cooperative during the year. Such funds are known as patronage capital credits.

Patronage capital is a form of equity and is needed to keep debt at manageable levels and to fund the capital assets needed to ensure that Cobb EMC can provide safe, reliable, competitively-priced electricity to its current and future members. These funds are invested in poles, transformers, meters, trucks and other items that enable us to provide electric service to more than 175,000 members.

Cobb EMC’s policies permit patronage capital to be returned to members when Cobb EMC’s board of directors believes it can be done without adversely impacting the financial condition of the Cooperative or its ability to serve its members. The retiring of capital is also limited by Cobb EMC’s contracts with lenders and power suppliers. Based on a review of the Cooperative’s financial condition, its expected future growth and contractual obligations, the board approved a general retirement of all patronage capital allocated in years 1957-1971.
Since 1975, our members' annual demand for electricity has grown from 120,000 kW to more than 1.1 million kW, and their annual use of electricity has grown from approximately 413 million kWh to 3.9 billion kWh. Despite this significant growth, Cobb EMC’s goal has always been to provide you, our member, with reliable and economical electric energy—a goal to which our board of directors, management and staff have dedicated significant time and resources.

During February, Cobb EMC had zero recorded safety incidents, a record that had not been achieved in more than a decade. A zero issues report is quite a feat for a company with 575 employees, many of whom work outdoors and must daily exercise caution around hazards including live power lines, sharp tools, elevated heights and high voltages.

Over the past several years, the safety department has made a concerted effort to reduce the number of accidents and to streamline reporting of all safety-related issues. Unannounced visits and surprise safety checks have helped keep our crews safe.

Cobb EMC also congratulates its linemen on their outstanding performance at the recent Georgia Lineman’s Rodeo. Cobb EMC is fortunate to have some of the best trained and most professional employees in the world. This company’s success in delivering reliable, safe electric energy to our members is possible because its employees are dedicated to their jobs and take pride in what they do.

Cobb EMC is accredited for safety as the result of an intensive review by the Rural Electric Safety Accreditation Program, sponsored by the National Rural Electric Cooperative Association. This program promotes the highest standards of safety among electric co-ops and concerned utilities nationwide and must be renewed every three years.
Obtaining safety accreditation and following safety standards sends a clear and consistent message. Employees and members must be aware of power line hazards and dangers associated with electricity. Cobb EMC is committed to a safe working environment so employees can return home safely each night at the end of a busy workday.

As part of our ongoing commitment to safety, Cobb EMC is proud to promote consumer education about how electricity works and how to prevent electrical accidents. Cobb EMC regularly conducts educational programs and electric safety demonstrations for schools or other community organizations.

The electric lines that deliver your electricity are built and maintained under strict procedures and guidelines. It is important that objects such as trees, antennas and towers are a safe distance from power lines.

There are many benefits to accreditation. The most important aspect of accreditation is that our Cooperative is operating as safely as possible, which prevents accidents. Beyond that, being accredited saves the Cooperative, and its members, annually on escalating costs associated with preventable injuries and/or death. Cobb EMC considers safety as one of our primary responsibilities to the communities we serve.
**Statistical Profile**

**2011 Year End**

**Number of Active Meters**
- 193.1 (in thousands)
- 2010: 191.7
- 2009: 191.1
- 2008: 190.1

**Total Plant Value**
- 815.0 (in millions of dollars)
- 2010: 778.9
- 2009: 716.3
- 2008: 670.3

**Total Operating Revenue**
- 441.6 (in millions of dollars)
- 2010: 433.3
- 2009: 415.0
- 2008: 381.5

**Kilowatt Hour Sales**
- 4.0 (in billions)
- 2010: 4.1
- 2009: 3.8
- 2008: 3.9

**Miles of Line**
- 10,563
- 2010: 10,508
- 2009: 10,471
- 2008: 10,410

**Peak Load**
- 1,156.0 (in thousands of kilowatts)
- 2010: 1,189.2
- 2009: 1,112.6
- 2008: 1,144.0

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**Treasurer’s Report**

Cobb Electric Membership Corporation is a not-for-profit electric membership cooperative whose purpose is to provide electric service to its members. The consolidated financial statements include the accounts and results of operations of Cobb Electric Membership Corporation and its wholly-owned subsidiaries, Cobb Energy Management Corporation, Gas South, LLC and Cobb Energy Management Liquidating Trust.

McNair, McLemore, Middlebrooks & Co., LLC conducted our audit as of and for the year ended April 30, 2012 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Gas South, LLC were audited by Frazier & Deeter, LLC.

The financial information included in this report represents a summary of our financial condition and operating results. Copies of the audited financial statements and quarterly reviews are available on our website. We encourage you to review these statements for a more comprehensive review of our financial condition and results of operations.

Cheryl G. Meadows - Secretary/Treasurer,
Cobb EMC Board of Directors

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**Financial Report**

Cobb Electric Membership Corporation and Subsidiaries Consolidated Financial Statements
For the Year Ended April 30, 2012.

### Balance Sheet - Consolidated Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Utility Plant</td>
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<tr>
<td>Other Property and Investments</td>
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<td>Current Assets</td>
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<td>Other Assets</td>
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<td><strong>Total Assets</strong></td>
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### Balance Sheet - Consolidated Equities and Liabilities

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<thead>
<tr>
<th>Description</th>
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<tr>
<td>Equities</td>
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<tr>
<td>Long-Term Liabilities</td>
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<td>Current Liabilities</td>
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<td>Deferred Credits</td>
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<td><strong>Total Liabilities</strong></td>
<td>928,227,311</td>
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### Consolidated Statement of Operations

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>618,366,978</td>
</tr>
</tbody>
</table>
| Operating Expenses:
  Cost of Revenues                                        | 435,642,328 |
  Distribution Operations                                  | 4,726,911  |
  Distribution Maintenance                                  | 22,804,544 |
  Consumer Accounts                                         | 14,170,683 |
  Consumer Service and Information                          | 1,713,193  |
  Administrative, Selling and General                       | 63,175,112 |
  Depreciation and Amortization                             | 32,131,972 |
  Operating Taxes                                           | 4,213,286  |
| **Operating Margins Before Interest Expense**            | 578,578,029  |
| Interest Expense                                          | 39,788,949  |
| Operating Margins After Interest Expense                  | (28,861,437) |
| Generation and Transmission Patronage Allocations         | 10,927,512  |
| Other Capital Credits and Patronage Allocations           | 578,578,029 |
| Net Income Before Income Taxes                            | 10,340,088 |
| Income Tax Expense                                        | 23,513,204  |
| **Net Income**                                            | 13,173,116  |

Includes Cobb EMC and Gas South