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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.

Mission Statement

Cobb EMC commits to safely delivering reliable, competitively priced electricity while being accountable to our member-owners through sound governance, management, operating practices and concern for the communities we serve.
Cobb EMC members have much to celebrate as we enter our landmark 75th anniversary year.

Looking back, the advent of electricity marked a crucial turning point in our region’s economy. In 1938, mules pulled wagons along dirt roads in Cobb County, and farming was the economic backbone. No investor would take the financial risk of putting up power lines in such a rural area, but thanks to President Franklin D. Roosevelt’s creation of what is now known as Rural Utilities Service (RUS), rural residents across the nation began establishing low-cost cooperatives.

In August 1938, in a rural cotton field, a crew began work on our first 160 miles of lines, and in December, Sen. Richard Russell threw the switch, energizing 503 local homes and businesses. Home by home, family by family, farm by farm, our membership grew steadily.

So much has changed in 75 years. Today Cobb EMC remains committed to its mission - safely delivering reliable, competitively priced electricity - and has expanded to more than 10,000 miles of line across north metro Atlanta and southwest Georgia.

Cooperative membership remains as important today as it was in the late 1930s. As a co-op, we have a special responsibility to give back to the areas in which our members live and work. From supporting new jobs and industry through economic development to local sponsorships, we stand as a driving force in our community.

This year, Cobb EMC celebrates 75 years of pioneering electric service in Georgia and looks boldly to a brilliant future. In 1938, Cobb EMC was there to support families and local businesses. And in 2013, we still set the standard for competitively priced, reliable service.
In 2013, Cobb EMC celebrates 75 years in the making - 75 years of serving our membership through our experience, innovation and dedication to our local communities.

Over the past year, your board of directors, management and employees have worked tirelessly to transform and streamline your cooperative, bringing it back to basics to better serve you, our members.

Last November, the board of directors approved a decrease in rates to add cooperative value for our members through lower overall energy costs. The monthly service charge was also adjusted to more closely track the fixed cost of providing electric service.

These adjustments helped earn your cooperative a Georgia Public Service Commission Residential Rate Survey ranking of 8th out of the state’s 41 EMCs, in terms of affordability at 1000 kWh. Our 4.1 percent residential winter rate decrease, coupled with being named one of Georgia’s most affordable co-ops, helps reaffirm that we’re providing a more equitable distribution per member, controlling costs and keeping your rates competitive.

More cost savings were passed along to members in July when we enacted a 1-mill reduction in the WPA. On average, the typical Cobb EMC residential member will save roughly $13.68 over the course of the year on electric service. We’ve been hard at work this last year to make progress that truly benefits
our members. Along with lowering your electricity costs, we approved joining Touchstone Energy, a network of co-ops across the nation that shares resources to bring savings and discounts to members.

Additionally, Gas South, a wholly-owned subsidiary of Cobb EMC, continues to herald successes as Georgia’s fastest growing natural gas provider, now serving more than 250,000 residential, business and governmental customers across the state.

Adding to our cooperative’s reasons to celebrate in 2013, Cobb EMC earned full Safety Accreditation, with a score of 99 out of 100, after an intensive review by the Electric Cooperative Safety Accreditation Program of Georgia. This program promotes the highest standards of safety among electric co-ops in Georgia and must be renewed every three years.

Accreditation, which is highly sought and valued among co-ops, saves a cooperative annually on costs associated with preventable injuries and/or death. It also sends a clear and consistent message. We want employees to return home safely each night, and we want our members to know we’re committed to safety. All of our employees undergo ongoing safety training, but it is particularly important for our outside crews, where performing a job well can mean the difference between life and death. Our employees’ safe work practices proved critical to helping Cobb EMC achieve this coveted recognition.

We are pleased with the efforts made over the last year for increased accountability, stronger governance and lower operating costs. We live by the cooperative difference - we are not driven by profits and making a return for shareholders. Rather, we are a service-driven not-for-profit cooperative. In short, our focus is on keeping the business financially strong on your behalf and to continue to provide you safe, reliable service at the lowest practical cost.

We appreciate the confidence you have shown in Cobb EMC over these 75 years and look forward to serving you faithfully for many more to come.

Ed Crowell
Chairman

Chip Nelson
President/CEO
Cobb EMC entered its 75th anniversary year as a transformed cooperative. We now operate under an entirely new set of bylaws, governed by a new 10-member board of directors. Our directors, alongside president/CEO Chip Nelson and employees, have since worked diligently to redefine the company with a renewed focus on members, accountability and savings.

We have gotten back into the core business of distributing reliable electric energy. We’re reducing operating costs and implementing programs to improve quality and service. The board is currently assessing divisions of the company to improve efficiency and work product, while the company realigns staffing, systems and operations to better meet the needs of members.

Despite these transformative changes, three things never waver - our reliability, our employees’ continued commitment to our members and the company’s focus on safety. Cutting-edge technology helps us follow through on our corporate promise - to provide reliable, safe electric service, despite the demand for electricity being at an all-time high. Our employees, many of whom have been a part of the Cobb EMC family for decades, understand that members are the most important part of an energy cooperative. Not surprisingly, this dedication earned our linemen six awards at this year’s Georgia Lineman’s Rodeo, a day-long competition designed to test their skills under challenging and adverse conditions.

We at Cobb EMC have made great strides and are accountable to our members for everything we do. We’re excited to see where these changes take us and how our cooperative can move forward. We are accessible, and we’re listening. Give us a call, send us an email, visit with us at our town hall meetings and share insights on how you want your business operated at our annual meeting on September 21.
As a not-for-profit electric co-op, we’re here to power our communities and empower you, our members, to improve the quality of your lives. From supporting new jobs and industry, to local sponsorships, we stand as a driving force in our community.

In addition to fostering economic development, large commercial members balance electricity use across the Cobb EMC system, which keeps rates low for all of our members. From our first cotton farmers in 1938 to today’s commercial and industrial members such as schools, office towers and large retail chains, Cobb EMC has worked to remain forward-thinking: maintaining future electric supply for our rapidly growing community, upgrading system technology and continually looking for new ways to promote conservation and operate more efficiently.

For our residential members, we offer free home energy audits as one of the many benefits of membership with Cobb EMC. Our field services reps will walk you through your home and point out simple, cost-effective ways to save money on your electric bills. They’ll also help you prioritize what improvements would make the greatest impact in your home.

We are locally owned and controlled by you - our members - to serve your needs. Your directors (fellow members, by the way) have only one thing in mind: powering homes and businesses safely, reliably and at the best possible price in our local community.

Cobb EMC directors and employees share the same values and have the same pride of place as you do because it is our community, too. We act like neighbors because we are neighbors. That’s the cooperative difference.
Cobb EMC has one of the most advanced power control systems in the world, and our engineers are continually searching for cutting-edge technologies to improve reliability and efficiency. Newly implemented Advanced Metering Infrastructure (AMI) meters allow you to track your hourly electricity use online, while automated readings reduce costs and restoration times, increase billing accuracy and help our Meter Data Management system analyze long-term data to improve overall operation of the distribution grid.

Cobb EMC takes the protection of member data very seriously and continues to monitor and improve our policies as security evolves. New and updated IT data control and governance processes enhance company-wide security. Our Cyber Security Policy and Oversight Committee manages ongoing threats, and our new multi-factor authentication technology makes access to critical systems and sensitive data more secure and easily monitored by our team.

On the engineering front, Cobb EMC always looks for new ways to prevent restoration delays due to traffic congestion in the area. After two years of testing and modification, Cobb EMC has implemented Fault Detection, Isolation and Restoration (FDIR), an automated technology that helps us more easily identify, isolate and resolve power interruptions. All of this is done automatically, resulting in saving members money through fewer trucks on the road, improved reliability and increased operational efficiency.

To make new technologies more accessible for members, Cobb EMC launched a new, more user-friendly website in June that allows members to manage their accounts, pay bills and stay informed about cooperative news and upcoming events, all on www.cobbemc.com.
Cobb EMC was founded in 1938 on the principle of supporting our local communities. We strive to inspire long-term change in our community through charitable giving, employee volunteering and company-sponsored teams for events like March of Dimes and Relay for Life. Cooperative efforts have also evolved over time to include a significant education and leadership focus.

Over the past four years, more than 20,000 students have visited the Cobb County Safety Village, a small-scale replica of Cobb County designed to teach public safety. Cobb EMC’s building offers an interactive setting for visiting students to learn about the path of electricity from generation to distribution and electric safety.

To prepare students for job applications, interviews and the work force, Cobb EMC annually hosts Career Day. Additionally, Cobb EMC’s Women’s Task Force annually sponsors three high school juniors to attend the Washington Youth Tour, a week-long trip and leadership program to teach students about U.S. history, government and careers in public service. Winners also receive scholarships and eligibility to interview for the co-op’s summer internship.

Over the past 75 years, Cobb EMC has celebrated the potential of young people in our service district. Our employees’ education efforts range from large-scale events like our annual Literacy Week and Patriotism Essay contests to our student-written School Power! newsletter and mentoring programs. All of these efforts are, of course, in addition to Cobb EMC’s extensive Partners in Education program, which includes 10 schools across our cooperative’s service district. Much like we power homes and businesses, Cobb EMC, along with local education and charitable organizations, invests time and resources in powering our community.
75 YEARS of Leadership

Board of Directors

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.
District 1 - Edward Crowell - Chairman
District 2 - Rudy Underwood
District 3 - Kelly Bodner
District 4 - David McClellan
District 5 - Tripper Sharp
District 6 - David Tennant - Vice Chairman
District 7 - Malcolm Swanson
District 8 - Bryan Boyd
District 9 - Eric Broadwell - Secretary/Treasurer
District 10 - Cheryl Meadows
Statistical Profile
2012 Year End

**NUMBER OF ACTIVE METERS**
194.9 (In thousands)
- 2007: 189.7
- 2008: 190.1
- 2009: 191.1
- 2010: 191.7
- 2011: 193.1
- 2012: 191.1

**KILOWATT HOUR SALES**
3.8 (In billions)
- 2007: 4.1
- 2008: 3.9
- 2009: 3.8
- 2010: 4.1
- 2011: 4.0
- 2012: 3.8

**MILES OF LINE**
10,608

**PEAK LOAD**
1,178.1 (In thousands of kilowatts)
- 2007: 1,268.5
- 2008: 1,144.0
- 2009: 1,112.6
- 2010: 1,189.2
- 2011: 1,156.0
- 2012: 1,156.0

**TOTAL PLANT VALUE**
838.3 (In millions of dollars)
- 2007: 636.4
- 2008: 670.3
- 2009: 716.3
- 2010: 778.9
- 2011: 815.0
- 2012: 815.0

**TOTAL OPERATING REVENUE**
421.7 (In millions of dollars)
- 2007: 367.4
- 2008: 381.5
- 2009: 415.0
- 2010: 433.3
- 2011: 441.6
- 2012: 441.6
Treasurer’s Report

Cobb Electric Membership Corporation is a not-for-profit electric membership corporation 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, 2013 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 information included in this report represents a summary of our consolidated financial condition and operating results. Copies of the audited consolidated financial statements and quarterly interim 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.

Financial Report

Cobb Electric Membership Corporation and Subsidiaries
Consolidated Financial Statements as of and for the Year Ended April 30, 2013

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<thead>
<tr>
<th>Balance Sheet - Consolidated Assets</th>
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<tr>
<td>Net Utility Plant</td>
<td>$ 623,654,275</td>
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<td>Other Property and Investments</td>
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<td>Current Assets</td>
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<td>Other Assets</td>
<td>21,926,678</td>
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<td>$ 933,163,578</td>
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<tr>
<th>Balance Sheet - Consolidated Equities and Liabilities</th>
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<td>Equities</td>
<td>$ 389,713,272</td>
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<td>Long-Term Liabilities</td>
<td>426,003,295</td>
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<td>Current Liabilities</td>
<td>108,796,136</td>
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<td>Deferred Credits</td>
<td>8,650,875</td>
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<td>$ 933,163,578</td>
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<table>
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<tr>
<th>Consolidated Statement of Operations</th>
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<tr>
<td>Operating Revenues</td>
<td>$ 626,597,146</td>
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<td>Operating Expenses:</td>
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<td>Cost of Revenues</td>
<td>405,372,632</td>
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<td>Distribution Operations</td>
<td>7,099,806</td>
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<td>Distribution Maintenance</td>
<td>23,375,802</td>
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<td>Consumer Accounts</td>
<td>15,806,790</td>
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<td>Consumer Service and Information</td>
<td>1,532,646</td>
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<td>Administrative, Selling and General</td>
<td>72,757,722</td>
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<td>Depreciation and Amortization</td>
<td>32,636,289</td>
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<td>Operating Taxes</td>
<td>4,822,514</td>
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<td></td>
<td>563,404,201</td>
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<tr>
<td>Operating Margins Before Interest Expense</td>
<td>63,192,945</td>
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<td>Interest Expense</td>
<td>(27,110,653)</td>
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<td>Operating Margins After Interest Expense</td>
<td>36,082,292</td>
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<td>Nonoperating Margins</td>
<td>2,673,609</td>
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<td>Generation and Transmission Patronage Allocations</td>
<td>7,005,589</td>
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<td>Other Capital Credits and Patronage Allocations</td>
<td>2,556,024</td>
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<td>Forensic Investigation</td>
<td>(2,020,396)</td>
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<td>Net Income Before Income Taxes</td>
<td>46,297,118</td>
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<td>Income Tax Expense</td>
<td>6,808,559</td>
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<tr>
<td>Net Income</td>
<td>$ 39,488,559</td>
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Eric Broadwell - Secretary/Treasurer, Cobb EMC Board of Directors
Annual Meeting

In compliance with the bylaws of Cobb Electric Membership Corporation, Article II, Section 2.03, you are hereby notified that the 2013 annual meeting of the Cobb Electric Membership Corporation will be held on Saturday, September 21, 2013.
Marietta, GA: North Georgia State Fair, Jim R. Miller Park
Pataula District: Andrew College Gymnasium, Cuthbert, GA

Registration will begin at 8 a.m. and closes with the start of the business session at 9:30 a.m.
Photo identification must be provided at registration.
For more details please visit www.cobbemc.com/annualmeeting.

Voting

Voting on proposed by-law amendments may be accomplished as follows: (i) in-person at the meeting; (ii) by mail-in ballot; or, (iii) electronically. Votes cast by mail-in ballot or electronically must be received by 5 p.m. on September 20, 2013. Subsequent to in-person voting at the meeting, the board of directors will announce the results of all votes cast regarding proposed by-law amendments. Mail-in ballots have been previously mailed to each member. To vote electronically, please visit www.cobbemc.com/annualmeeting or https://www.esc-vote.com/CEMC. Copies of the proposed bylaw amendments were mailed to members and the PDF document was posted to the Cobb EMC website prior to the meeting.

In the event that you cannot attend the annual meeting, you may appoint a qualified member of your household to attend the annual meeting or vote in your stead. See Section 2.07B of the bylaws for additional information.

Commercial, government and church groups must provide authorization to represent their organizations at registration. See Section 2.07A of the bylaws for additional information.