

**IN THE SUPERIOR COURT OF COBB COUNTY
STATE OF GEORGIA**

EDGAR “BO” POUNDS, individually and on behalf of the estate of Mary Jean Pounds, JOSEPH THOMPSON, FRANKLIN SMITH, EAGLE EYE FORENSICS, LLC, DIANNE BRACKIN, and WILLIAM SHARP, Derivatively On Behalf of COBB ELECTRIC MEMBERSHIP CORPORATION,

Plaintiffs,

vs.

DWIGHT BROWN, DON BARNETT, DAVID MCGINNIS, KAY ANDERSON, AL FORTNEY, JR., FRANK BOONE, SARAH BROWN, LARRY CHADWICK, HENRY BALKCOM III, COBB ENERGY MANAGEMENT CORPORATION, and DOES 1-15, inclusive,

Defendants.

- and -

COBB ELECTRIC MEMBERSHIP CORPORATION, a Georgia Corporation,

Nominal Defendant.

Civil Action No. 07-1-9408-48

JOINT PROPOSAL FOR RESOLUTION OF DERIVATIVE LITIGATION

This Joint Proposal for Resolution of Derivative Litigation (the "Joint Proposal"), dated as of October 30, 2008, is made and entered into pursuant to O.C.G.A. § 46-3-272 and contains the terms of a settlement (the "Settlement") by and among the Derivative Defendants and the Derivative Plaintiffs, derivatively and on behalf of Cobb Electric Membership Corporation ("Cobb EMC"), in connection with Edgar “Bo” Pounds et al., v. Dwight Brown et al., Civil

Action File No. 07-1-9408-48 pending in the Superior Court of Cobb County, State of Georgia (the "Derivative Action").

This Joint Proposal is intended by the Derivative Plaintiffs and the Defendants to fully, finally and forever resolve, discharge and settle the Released Derivative Claims against the Released Derivative Persons, but not the Non-Released Claims, upon and subject to the terms and conditions hereof and subject to the approval of the Court.

I. THE DERIVATIVE ACTION

On or about October 22, 2007 the Derivative Plaintiffs filed a derivative action on behalf of Cobb EMC. The complaint in the derivative action generally alleges causes of action for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and unjust enrichment. As indicated below, the Defendants deny any wrongdoing. The Court has not made a decision on the merits of the Derivative Action.

II. THE COMPROMISE AND SETTLEMENT OF DISPUTED CLAIMS

To avoid the cost, expense and uncertainty of litigation and to provide relief to Cobb EMC and its members that is fair, reasonable, adequate and in the best interest of Cobb EMC and its members under all of the facts and circumstances, the Settling Parties, through their counsel have entered into this Joint Proposal for the purpose of compromising and settling disputed claims on the terms and conditions set forth below, and subject to all other provisions of this Joint Proposal.

The Plaintiffs believe that the claims asserted in the Derivative Action have merit. However, the Plaintiffs and their counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Derivative Action against the Defendants through trial and appeal. Counsel for the Plaintiffs also have taken into account the uncertain

outcome and the risk of any litigation, especially in complex actions such as the Derivative Action, as well as the difficulties and delays inherent in such litigation. Counsel for the Plaintiffs also are mindful of the inherent problems of proof of, and possible defenses to, the violations asserted in the Derivative Action. Counsel for the Derivative Plaintiffs believe that the Settlement set forth in this Joint Proposal confers substantial benefits upon and is in the best interests of Cobb EMC and its members.

The Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Derivative Plaintiffs. Notwithstanding, the Defendants have concluded that further conduct of the Derivative Action would be protracted, expensive, and distracting, including, without limitation, to Cobb EMC, its members and its management, and that it is preferable that the Derivative Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Joint Proposal. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Derivative Action.

III. TERMS OF JOINT PROPOSAL AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Derivative Plaintiffs (derivatively on behalf of Cobb EMC), and the Derivative Defendants, that, subject to the approval of the Court, the Derivative Action and the Released Claims shall be finally and fully compromised, settled and released, and the Derivative Action shall be dismissed with prejudice, upon and subject to the terms and conditions of this Joint Proposal, as follows:

A. Definitions

As used in this Joint Proposal the following terms have the meanings specified below:

1.1 "Claims" means any and all claims, demands, rights, liabilities, damages and causes of action of every nature and description whatsoever in kind or inchoate, known or unknown, whether or not concealed or hidden, including, without limitation, "Unknown Claims" (as defined below) and claims for negligence, gross negligence, breach of fiduciary duty, breach of duty of care, breach of duty of loyalty, waste, unjust enrichment, abuse of control, mismanagement, fraud, and violations of any local, state or federal statutes, rules, regulations, common law or any other duty which if alleged yields a cause of action.

1.2 "Derivative Counsel" or "Plaintiffs' Counsel" mean W. Pitts Carr and David M. Cohen with Carr & Palmer, LLP, 10 North Parkway Square, 4200 Northside Parkway, NW, Atlanta, Georgia 30327; Hylton Dupree with Dupree & Kimbrough, LLP, 49 Green Street, Marietta, Georgia 30061; and Adam Webb and Will Stone with Webb, Klase and Lemond, LLC, 1900 The Exchange, S.E. Suite 480, Atlanta, Georgia 30339.

1.3 "Derivative Defendants" or "Defendants" means nominal Defendant Cobb EMC, Cobb Energy Management Corporation ("Cobb Energy"), Dwight Brown, Larry Chadwick, Frank Boone, Kay Anderson, Donald Barnett, Henry Balkcom, Sarah Brown, Al Fortney, Jr., and David McGinnis.

1.4 "Derivative Plaintiffs" or "Plaintiffs" mean Edgar "Bo" Pounds, Joseph "Butch" Thompson, Dianne Brackin, Eagle Eye Forensics, LLC, William Sharp, III and Franklin "Skip" Smith.

1.5 "Judgment" means the Final Order and Judgment to be rendered by the Court in the Derivative Action.

1.6 "Non-Released Claims" means any and all claims related to breaches of obligations and agreements entered into in connection with this Settlement.

1.7 "Person" means an individual, corporation, limited liability corporation, professional corporation, limited liability partnership, partnership, limited partnership, association, joint stock company, joint venture, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, and assignees.

1.8 "Related Persons" means each of a Defendant's present and former parents, subsidiaries, affiliates, divisions, joint ventures, joint venturers, and his, her or its present and former officers, directors, employees, agents, representatives, attorneys, insurers, excess insurers, advisors, investment advisors, auditors, accountants, spouses and immediate family members by blood or through marriage and the predecessors, heirs, successors and assigns of any of them, and any Person in which any Related Person has or had a controlling interest directly or indirectly or which is or was related to or affiliated with any Related Person, and any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or a member(s) of a Defendant's family.

1.9 "Released Derivative Claims" or "Released Claims" mean any and all Claims based on any facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act that were or could have been asserted in the Derivative Action by the Derivative Plaintiffs on behalf of Cobb EMC, or by Cobb EMC on its own behalf, or by any Cobb EMC member in the Derivative Action against the Released Derivative Persons, or any of them. In addition, Released Derivative Claims include, without limitation, a release by Cobb EMC of all individual Defendants from any and all liability under O.C.G.A. § 46-3-306 to reimburse Cobb EMC for attorney fees and expenses. Released Derivative Claims or Released Claims do not

include direct claims (if any) held individually by Cobb EMC members.

1.10 "Released Persons and "Released Derivative Persons" mean the Derivative Defendants, and each of them, and each of their respective Related Persons.

1.11 "Settling Parties" means, collectively, each of the Defendants on behalf of themselves, and the Derivative Plaintiffs, on behalf of themselves, and derivatively on behalf of Cobb EMC and Cobb EMC members.

1.12 "Unknown Claims" means any Released Derivative Claims which any Derivative Plaintiff, each Cobb EMC member (as to Released Derivative Claims), or Cobb EMC does not know of or suspect to exist in his, her or its favor at the time of the release of the Released Derivative Persons which, if known by him, her or it, might have affected or influenced his, her or its settlement with, and release of, the Released Derivative Persons, or might have affected or influenced his, her or its decision not to object to this Settlement. The Derivative Plaintiffs, Cobb EMC, and each Cobb EMC member may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the Released Derivative Claims, but the Derivative Plaintiffs, Cobb EMC, and each Cobb EMC member shall be deemed to have, and by operation of the Judgments shall have, fully, finally, and forever settled, discharged, released and forfeited any and all Released Derivative Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, accrued or un-accrued, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or which constitutes a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Derivative Plaintiffs, Cobb EMC, and each Cobb EMC member shall be

deemed by operation of the Final Order and Judgment to have acknowledged that the foregoing waivers, release and forfeiture of rights are separately bargained for and are material components to the Settlement of which this release is a part.

B. Terms and Conditions of Settlement

1. The Settlement

1.1 Cobb EMC and Cobb Energy will carry out their obligations in accordance with the Amended Letter of Intent dated October 28, 2008, attached as Exhibit A hereto and incorporated herein. The parties acknowledge and agree that in the event the fairness opinion to be issued by the independent financial advisor referenced in the amended Letter of Intent reasonably and objectively fails to show, in the judgment of Plaintiffs, that the proposed transaction set forth in the Amended Letter of Intent is fair, adequate, reasonable and in the best interest of the EMC, this Joint Proposal may be terminated by the Plaintiffs. Plaintiffs will advise Defendants in writing no later than close of business on November 10, 2008 as to whether or not they will support approval of this Joint Proposal at the Fairness Hearing and at all other times. In the event Plaintiffs advise, on November 10, 2008, that they will not support approval of the Joint Proposal, then this Joint Proposal is null and void and of no further effect. Defendants have until November 10, 2008 to withdrawal from this Joint Proposal by notice in writing to Plaintiffs' Counsel.

1.2 Pending the Court's ruling at the Fairness Hearing as defined in Section 4.2 below, Cobb Energy's Board of Directors will not approve or pay dividends to Cobb Energy's Class A and Class B preferred shareholders.

1.3 By June 1, 2009, Cobb EMC's Board of Directors will adopt a succession plan for Cobb EMC's CEO and President Dwight T. Brown to assure the orderly transition to a replacement CEO and President.

1.4 Plaintiffs will seek an amendment to the by-laws at the next meeting of Cobb

EMC members, which will be held within sixty days of the date of the approval of the Settlement by the Court. Such amendment will seek to allow members the right to vote for directors by mail-in ballots, subject to the development and implementation of appropriate security measures. Whether or not the amendment is approved by Cobb EMC members, a meeting to elect Cobb EMC directors for 2008 will take place within sixty days after the meeting of the members at which the proposed by-law amendment is considered. The parties will petition the Court at the Fairness Hearing to modify its Order dated August 27, 2008 to allow the election of Cobb EMC directors originally scheduled September 4, 2008 to proceed in accordance with the terms and conditions of this paragraph. If the Order is vacated by the Court, Derivative Defendants will dismiss their appeals of the August 27, 2008 Order.

1.5 Plaintiffs may seek an amendment to the by-laws at the next meeting of the Cobb EMC members referenced in paragraph 1.4 prohibiting the payment of retirement benefits for Cobb EMC directors prospectively; provided, however, that any such amendment, if adopted, shall not affect any lawfully vested rights of current or retired directors.

1.6 Plaintiffs' *Motion to Enforce Lawful Motions Made members at 2008 Cobb EMC Annual Meeting* filed on or about September 12, 2008 will be dismissed with prejudice within five days of the final approval of this Joint Proposal so long as the actions set forth in subparagraphs 1 through 7 below remain in effect. The member motions sought to be enforced therein have been addressed by the Cobb EMC Board of Directors or are addressed by the Settlement. More particularly:

1. The motion to rescind the resolution adopted by the EMC board on August 26, 2008 increasing the fee charged by Cobb Energy to Cobb EMC from 6% to 11% has been addressed by Cobb Energy's restructuring in which it becomes a wholly-owned subsidiary of Cobb EMC pursuant to this Joint Proposal and the attached amended Letter of Intent;

2. The motion to prohibit Cobb EMC officers, directors and others from having ownership interest in, or being employed with, Cobb Energy has largely been addressed by Cobb Energy's restructuring in which it becomes a wholly-owned subsidiary of Cobb EMC pursuant to this Joint Proposal and the attached amended Letter of Intent;
3. The motion made to request the EMC board of directors to reassess the relationship of Cobb Energy so to eliminate any appearance of conflicts of interest has been addressed by Cobb Energy's restructuring in which it becomes a wholly owned subsidiary of Cobb EMC pursuant to this Joint Proposal and the attached amended Letter of Intent;
4. The motion to hold future meeting of the Cobb EMC members on Saturdays has been addressed as Cobb EMC's Board of Directors has adopted a resolution to hold future annual meetings on a Saturday;
5. The motion to have the cost benefit analysis relating to the proposed Washington County, Georgia coal-fired power generation plant made accessible to the public and the Cobb EMC membership has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring this information to be placed on Cobb EMC's website;
6. The motion to have Cobb EMC distribute and separate the financials of Cobb EMC and Gas South LLC in future annual reports has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring this information to be placed on the EMC website; and
7. The motion that Cobb EMC director insurance, fringe benefits and compensation be listed in future annual reports has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring such information to be posted on Cobb EMC's website with a reference in future annual reports that such information can be obtained by accessing Cobb EMC's website.

2. Corporate Governance

The corporate governance policies and provisions adopted by Cobb EMC's Board of Directors on September 4, 2008 and attached hereto as Exhibit B, will be fully implemented as soon as practicable. Cobb EMC shall maintain these corporate governance policies and provisions in effect for no less than five years. However, the provisions of this paragraph 2 shall not prohibit Cobb EMC's Board of Directors from amending such corporate governance policies and procedures to reflect best practices. These corporate governance policies and provisions shall be posted on Cobb EMC website within five (5) days of final approval of the Settlement. Any amendments thereto shall also be posted to Cobb EMC's website within fourteen (14) days

of adoption.

3. Preliminary Approval, Notice, Orders and Fairness Hearing

3.1 Promptly after execution of this Joint Proposal by all parties hereto, the Settling Parties, through their counsel, shall submit this Joint Proposal, together with its Exhibits, to the Court and shall apply for entry of an Order (the "Preliminary Approval Order"), substantially in the form of Exhibit C attached hereto, requesting the preliminary approval of the Settlement set forth in this Joint Proposal, and approval for the mailing and publication of settlement notices (the "Notices"), substantially in the form of Exhibits C-1 and C-2 attached hereto, which shall include the general terms of the Settlement set forth in this Joint Proposal. The Plaintiffs and Cobb EMC shall administer the notice procedures and, prior to the Fairness Hearing, the Settling Parties shall not issue press releases, other than the Court-ordered notices, directed to Cobb EMC members relating to this Settlement other than as agreed to by the parties and approved by the Court. Prior to the Fairness Hearing and the ruling thereon, David Flint and W. Pitts Carr are designated by the parties as the sole spokespersons relating to this Joint Proposal. Any communications to and from the media regarding this Joint Proposal shall require the joint participation of Mr. Flint and Mr. Carr.

The Joint Proposal, Preliminary Approval Order and Notices shall be made available from the main page of Cobb EMC's website. The Settling Parties shall also jointly develop a Frequently Asked Questions and Answers document for publication on Cobb EMC's website no later than ten days after the date of preliminary approval of the Settlement, which document may be updated from time to time as agreed by the Settling Parties. All reasonable expenses incurred in identifying and notifying Cobb EMC members, developing and sending the notice and administering the Settlement shall be paid by Cobb EMC, including the cost of mailing proposed

by-law amendments with the call of the meeting referenced in paragraph 1.4.

3.2 The Settling Parties shall request at the time of preliminary approval of this Joint Proposal that, after the Notices are mailed and published, the Court hold a hearing (the "Fairness Hearing") to consider and determine whether an order approving the Settlement as fair, reasonable, adequate and in the best interests of Cobb EMC and its members should be entered and whether Judgment should be entered thereon dismissing the Derivative Action with prejudice, and that the Court thereafter approve the Settlement and dismiss the Derivative Action with prejudice.

4. Right to Continued Discovery

Prior to the Fairness Hearing and a ruling thereon, Plaintiffs may continue reasonable discovery related to any issue to be addressed at the Fairness Hearing, including depositions and documents from the Special Litigation Committee.

5. Implementation of the Settlement

Defendants will cause to be provided to the Court and Plaintiffs' Counsel documentation of the completion of each obligation incurred or arising from the Settlement. Defendants shall also provide a status report to the Court and Plaintiffs' Counsel on the outstanding obligations under this Settlement on the first day of every other month after entry of the Final Order and Judgment in the Derivative Action until all obligations are completed. Plaintiffs' Counsel will have reasonable opportunity to verify the implementation of the provisions of this Settlement and the Final Order and Judgment.

6. Releases, Bar and Indemnification

6.1 Upon the entry of the Final Order and Judgment, Derivative Plaintiffs, current Cobb EMC members and Cobb EMC on behalf of themselves and each of their respective

predecessors, successors, parents, subsidiaries, affiliates, custodians, agents, assigns, representatives, heirs, estates, executors, trusts, trustees, trust beneficiaries, administrators, spouses, and immediate family members, having any legal or beneficial interest in Cobb EMC shall be deemed to have, and by operation of the Judgments shall have, fully, finally, and forever released, relinquished and discharged all Released Derivative Claims, as the case may be, and any and all claims relating to or arising out of or connected with the Settlement or resolution of the Derivative Action, against all of the Released Derivative Persons, respectively.

6.2 The Derivative Plaintiffs and Cobb EMC further agree that the approval of the Settlement and the dismissal of the Derivative Action shall forever bar the prosecution, by Cobb EMC or derivatively on behalf of Cobb EMC, of any duplicative included or related claims as those set forth in, or that could or might have been set forth in the Derivative Action as to any act which occurred prior to final approval of the Settlement for of any of the Released Derivative Claims.

6.3 Pending final determination of whether the Settlement should be approved and applied in the Derivative Action, all proceedings and all further activity by, between or among the Settling Parties regarding or directed towards the Derivative Action, shall be stayed except for those activities and proceedings relating to the actions contemplated in this Joint Proposal or the Settlement, Plaintiffs' Emergency Motion to Postpone Cobb EMC's 2008 Annual Meeting filed on or about July 22, 2008, and the Court's August 27, 2008 Order thereto and Defendants' appeal therefrom if not rendered moot by paragraph B 1.4.

6.4 Pending final determination of whether the Settlement should be approved and applied in the Derivative Action, neither the Derivative Plaintiffs, nor Cobb EMC or any of its

members shall commence, maintain or prosecute against the Defendants, the other Released Derivative Persons, or any of them, any action or proceeding in any court or tribunal asserting or relating to any of the Released Derivative Claims.

7. Derivative' Counsel's Attorneys' Fees and Reimbursement of Expenses

Plaintiffs' Counsel intends to apply to the Court at the Fairness Hearing for an award of attorneys fees for legal services rendered plus reimbursement of their expenses incurred, to be paid by Defendants. Plaintiffs' Counsels' fees and expenses may only be awarded after the Court has determined such fees and expenses are fair and reasonable.

8. Final Order and Judgment, Conditions of Settlement, Cancellation or Termination

8.1 At or prior to the Fairness Hearing, the Parties shall jointly submit to the Court a proposed motion for entry of the Final Order And Judgment:

- (i) Approving the Settlement, as provided herein, as fair, reasonable, adequate and in the best interests of Cobb EMC and its members, and directing implementation of the Settlement in accordance with the terms of this Joint Proposal;
- (ii) Directing that the Derivative Action be dismissed against Defendants with prejudice and on the merits;
- (iii) Permanently barring and enjoining the institution and prosecution of any Released Derivative Claims against Defendants that were asserted or could have been asserted in the Derivative Action;
- (iv) Reserving jurisdiction, without affecting the finality of the judgment with respect to the foregoing matters, over the Derivative Action, the Joint Proposal, the Settlement and the Final Order and Judgment, including, but not limited to, the administration, interpretation, effectuation and enforcement of the Joint Proposal

and the Final Order and Judgment and discovery related thereto, any application for fees and expenses incurred in connection with enforcing the Joint Proposal or the Final Order and Judgment; and

(v) Award of attorneys fees and reimbursement of expenses to Plaintiffs' Counsel.

8.2 The Settlement shall become "Final" upon entry by the Court of the Final Order and Judgment.

8.3 If, for any reason, the Settlement does not become Final or is terminated pursuant to the provisions of the Joint Proposal, then the Settling Parties shall revert to their respective positions in the Derivative Action as they existed immediately prior to the execution of the Joint Proposal.

8.4 If the Settlement is terminated pursuant to the provisions of this Joint Proposal, it shall have no further force and effect. All negotiations, proceedings and statements made in connection herewith shall be without prejudice to any person or party hereto, shall not be deemed or construed to be an admission by any either the Derivative Plaintiffs or the Derivative Defendants of any act, matter or proposition, and shall not be used in any manner or for any purpose in any subsequent proceeding in the Derivative Action or in any other action or proceeding.

9. Miscellaneous Provisions

9.1 Neither this Joint Proposal nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of this Joint Proposal or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Derivative Claim, or of any wrongdoing or liability of any of the Released Persons; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or

omission of any of the Released Derivative Persons in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Any of the Released Class Derivative Persons may file this Joint Proposal and/or the Judgments in any related litigation as evidence of the Settlement and in any action that may be brought against them in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release or any other theory of claim or issue preclusion or similar defense or counterclaim.

9.2 Neither this Joint Proposal nor any of its terms nor provisions, nor the settlement of this Derivative Action shall be construed as a concession or admission by Derivative Plaintiffs that their claims lack merit or that the defenses asserted by the Defendants have merit.

9.3 Neither the Joint Proposal nor any of its terms nor provisions, nor the settlement of this Derivative Action shall be construed as a concession or admission by Derivative Defendants that the Derivative Plaintiffs' claims have merit or that the defenses asserted by the Derivative Defendants' lack merit.

9.4 All of the Exhibits to this Joint Proposal are material and integral parts hereof and are fully incorporated herein by this reference.

9.5 This Joint Proposal and the Exhibits attached hereto constitute the entire agreement among the Settling Parties and may be amended or modified only by a written instrument signed by or on behalf of all of the Settling Parties or their respective successors-in-interest.

9.6 The waiver by one Party of any breach of this Joint Proposal by any other Party shall not be deemed a waiver of any prior or subsequent breach of this Joint Proposal.

9.7 If there is any inconsistency between this Joint Proposal and the Exhibits attached hereto, the terms of the Joint Proposal shall control.

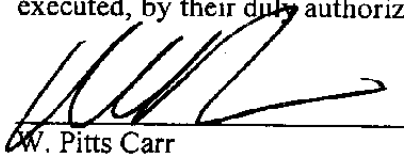
9.8 Counsel for the Settling Parties are expressly authorized by their respective clients to take all appropriate actions required or permitted to be taken pursuant to this Joint Proposal to effectuate its terms and conditions, including, without limitation, entering into any modifications or amendments to the Joint Proposal they deem appropriate.

9.9 Each counsel or other person executing this Joint Proposal or any of its Exhibits on behalf of any party hereto hereby warrants that such person has the full authority to do so.

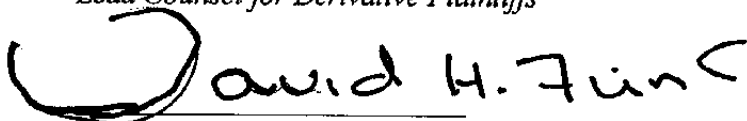
9.10 This Joint Proposal may be executed in one or more counterparts. All executed counterparts including facsimile counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court by Plaintiffs' Counsel.

9.11 This Joint Proposal shall be binding upon, and inure to the benefit of, the Settling Parties and their respective successors, assigns, heirs, spouses, marital communities, executors, administrators and legal representatives.

IN WITNESS WHEREOF, the parties hereto have caused this Joint Proposal to be executed, by their duly authorized attorneys, as of October 30, 2008.

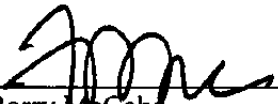


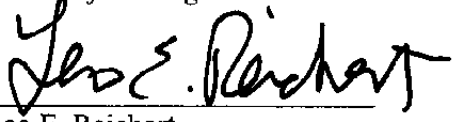
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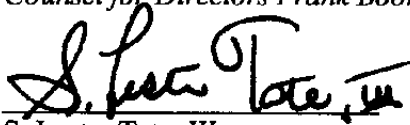


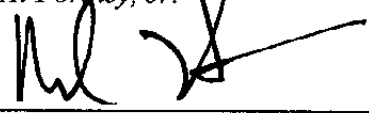
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SCAN IN PLACE OF TAB A



October 28, 2008

Board of Directors
Cobb Energy Management Corporation
1000 EMC Parkway
Marietta, GA 30060

Gentlemen:

This Amended Letter of Intent (the "Amended Letter of Intent"), when fully executed and approved by the Affiliated Transactions Committee of our Board of Directors (the "Affiliated Transactions Committee"), shall amend, restate and supersede that certain Letter of Intent between Cobb Electric Membership Corporation ("Cobb Electric") and Cobb Energy Management Corporation ("Cobb Energy") dated October 3, 2008 ("Original LOI"). Cobb Electric affirms its present intent to acquire Cobb Energy on the terms described herein (the "Transaction"). Each party confirms that it is entering into this Amended Letter of Intent for the sole and limited purpose of negotiating in good faith a Definitive Agreement (as hereinafter defined) to give effect to the Transaction. The parties also acknowledge the existence of Civil Action File No: 07-1-9408-48 (the "Derivative Proceeding"), currently pending before the Superior Court of Cobb County, Georgia (the "Court").

1. Structure. We propose to acquire all of the outstanding capital stock (the "Stock") of Cobb Energy not owned by us by means of a merger of Cobb Energy with a designated subsidiary of Cobb Electric or the purchase, directly or indirectly, of such stock



by Cobb Electric, either of which alternatives may include a redemption by Cobb Energy (funded by Cobb Electric) of all of Cobb Energy's issued and outstanding \$25.00 par value Class A Preferred Stock and \$25.00 Class B Preferred Stock (collectively, the "Preferred Stock"). The final structure of the Transaction will be determined by us subsequent to completion of our Due Diligence Investigation (as hereinafter defined). Regardless of how the Transaction is structured, Cobb Energy will become, and will be operated as, a wholly-owned subsidiary of Cobb Electric and, at Closing (as hereinafter defined), will retain its name.

2. **Consideration.** The proposed consideration to be paid in connection with the Transaction will be payable by us in cash at Closing as follows: (i) \$25.00 per share, plus all unpaid dividends (without interest), will be paid to each of the holders of the Preferred Stock; and (ii) an amount per share to be agreed upon by the parties will be paid to each of the holders (other than Cobb Electric) of Cobb Energy's issued and outstanding no par value Class A Common Stock and no par value Class B Common Stock, which amount shall be determined in accordance with the terms of the Cobb Energy Management Corporation Non-Qualified Stock Plan.

3. **Due Diligence.** Upon the execution of this Amended Letter of Intent, Cobb Energy will grant Cobb Electric, during normal business hours, full and free access to Cobb Energy, its personnel, properties, contracts, books and records and all other documents and data, such right of access to be exercised in a way that does not unreasonably interfere with the operations of Cobb Energy ("Due Diligence Investigation"). We agree to undertake our Due Diligence Investigation with all deliberate speed.

4. Definitive Agreement. The Transaction will be consummated and closed (the "Closing") pursuant to the terms of a definitive agreement authorized, executed and delivered by the parties (the "Definitive Agreement"). The Definitive Agreement will contain terms and conditions which are customary for transactions of this nature and type.

Conditions to execution of the Definitive Agreement will include, but not be limited to, the (i) completion of our Due Diligence Investigation to our satisfaction; (ii) approval of the Definitive Agreement by the Affiliated Transactions Committee and by the Boards of Directors of both Cobb Electric and Cobb Energy; and (iii) receipt of an opinion from Cobb Electric's independent financial advisor that the consideration to be paid by Cobb Electric in connection with the Transaction is fair, from a financial point of view, to Cobb Electric.

Conditions to Closing will include, but not be limited to, the (i) transfer by Cobb Energy, on terms satisfactory to, and for the sole benefit of, Cobb Electric, to a "liquidating trust"; or other appropriate liquidating entity not affiliated with, or controlled by, Cobb Electric or Cobb Energy, for liquidation, in accordance with the liquidating trustee's fiduciary duties, of all of Cobb Energy's interest in Energy Consulting Group, LLC, Marable-Pirkle Services, LLC, Cooperative Benefits and Financial Services, LLC, Cooperative Business Ventures, Inc., Allied Utility Network, LLC, Allied Energy Services, LLC, Alamo Pest Control, Inc., Cobb Energy Mortgage Company and in any other entity except for (A) ProCore Solutions, LLC ("ProCore"), (B) Cobb Energy Right - of -Way, L.L.C. ("Right of Way") and (C) that certain joint venture (the "JV") between Cobb Electric and Cobb Energy entered into on June 13, 2005 relating to the design, licensing, development and operation of certain software and related computer equipment) in which Cobb Energy owns, directly or indirectly, any equity interest (each of the

foregoing other than ProCore, Right of Way and the JV a "Subsidiary"); (ii) termination of that certain First Amended and Restated Operating Agreement, dated as of July 28, 1998, between Cobb Electric and Cobb Energy, as the same has been amended from time to time, as soon as practicable; (iii) receipt of all material third party consents or waivers on terms satisfactory to Cobb Electric and Cobb Energy; (iv) settlement, on terms satisfactory to Cobb Electric, of that certain Employment Agreement, dated as of October 1, 2005, between Cobb Energy and Dwight T. Brown, which settlement will include an agreement on the part of Mr. Brown that he will announce his retirement as the President and CEO of Cobb Electric on or before February 28, 2011 and that he will not seek an extension of his employment with Cobb Electric; (v) receipt of any applicable regulatory and governmental approvals or clearances on terms satisfactory to Cobb Electric and Cobb Energy. It is understood and agreed that the Subsidiaries will be sold, liquidated or otherwise disposed of in an orderly manner as soon as practicable after the Closing and that all net proceeds therefrom will be initially distributed to Cobb Energy to minimize income tax consequences, and subsequently all such proceeds will be distributed to Cobb Electric within five (5) business days.

5. **Exclusivity.** Cobb Energy understands that Cobb Electric is expending considerable resources in evaluating the possibility of the Transaction and will continue to do so. Cobb Energy, therefore, agrees that until the earlier of (i) December 1, 2008 or (ii) the date on which Cobb Electric notifies Cobb Energy in writing that Cobb Electric is no longer interested in considering the Transaction, Cobb Energy will not, and will cause the Subsidiaries and each officer, director, employee, agent, advisor, consultant or representative of Cobb Energy and each Subsidiary not to, directly or indirectly, (A) solicit, initiate, seek, entertain, or encourage the submission of, any Acquisition Proposal

(as hereinafter defined), enter into any agreement or understanding with respect to any Acquisition Proposal, or participate in any discussions or negotiations regarding, or furnish to any person or entity any information for the purpose of facilitating the making of, or take any other action to facilitate any inquiries or the making of, any proposal that constitutes, or may reasonably be expected to lead to, any Acquisition Proposal. Cobb Energy promptly shall advise Cobb Electric of any Acquisition Proposal and inquiries with respect to any Acquisition Proposal. As used herein, the term "Acquisition Proposal" shall mean any proposal for a merger or other business combination involving Cobb Energy or any of its Subsidiaries or any proposal or offer to acquire in any manner, directly or indirectly, an equity interest in Cobb Energy or any of its Subsidiaries, any voting securities of Cobb Energy or any of its Subsidiaries or a substantial portion of the assets of Cobb Energy (other than sales by Cobb Energy or any of its Subsidiaries in the ordinary course of business consistent with past practice).

6. Confidentiality. Except for any disclosure to the Court, a disclosure related to the settlement of the Derivative Proceeding, or a disclosure made with the written consent of Cobb Energy or as otherwise required by law, Cobb Electric shall, and shall cause its employees, directors, agents and other representatives to, maintain the confidentiality of all non-public information furnished to it by Cobb Energy or any of its Subsidiaries in connection herewith concerning the business, operations or financial condition of Cobb Energy or any of its Subsidiaries ("Confidential Information") and shall not use any of such Confidential Information for any purpose except in furtherance of the Transaction. If Cobb Electric is requested or becomes legally compelled or is required by a regulatory body to make any disclosure that is prohibited or otherwise constrained by this Amended Letter of Intent, Cobb Electric will provide Cobb Energy with prompt notice of such

request so that Cobb Energy may seek an appropriate protective order or other appropriate remedy. Subject to the foregoing, Cobb Electric may furnish that portion (and only that portion) of the Confidential Information that, in the written opinion of its counsel, it is legally compelled or is otherwise required to disclose or else stand liable for contempt or suffer other material censure or material penalty; provided, however, that Cobb Electric must use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so disclosed. If this Amended Letter of Intent is terminated pursuant to Section 12 hereof, Cobb Electric shall promptly return or certify the destruction of all documents and copies and extracts thereof, and all work papers, containing Confidential Information received from Cobb Energy or any of its Subsidiaries.

7. **Public Announcement/Disclosure.** Except for any disclosure to the Court, a disclosure related to the settlement of the Derivative Proceeding or a disclosure made with the written consent of the other party, neither of the parties will, and Cobb Energy will not permit any of its Subsidiaries to, make any public announcement concerning this Amended Letter of Intent, the Original LOI, or any memoranda, letters, agreements or discussions between the parties relating to the subject matter hereof. Either of the parties, but only after consultation with the other, may, at any time, make a public announcement, if it is advised by legal counsel that such disclosure is required under applicable law. Except as otherwise permitted by this Section 7, under no circumstances will Cobb Energy (or any of its officers, directors, employees, advisors, consultants, affiliates or agents) discuss or disclose the existence or terms of this Amended Letter of Intent or the Original LOI (or that Cobb Electric is holding discussions with Cobb Energy) with or to any third party other than such legal, accounting and financial advisors of Cobb Energy who have a

need to know such information solely for purposes of assisting Cobb Energy in regard to the Transaction.

8. **Expenses.** Each party shall pay its own expenses incurred in connection with the Transaction and all negotiations and discussions held in connection therewith.

9. **Transitional Services Agreement.** If and to the extent necessary, the parties shall enter into a Transitional Services Agreement on mutually agreeable terms pursuant to which Cobb Energy would provide certain services for a period of time to help support the operation of the business of the Subsidiaries following their transfer by Cobb Energy to the liquidating trust or other liquidating entity.

10. **Conduct of Business.** From the date hereof until the termination of this Amended Letter of Intent, Cobb Energy will, and will cause each of its Subsidiaries to, conduct its business only in the ordinary course and refrain from any extraordinary transactions, including making any distribution to shareholders.

11. **Nature of Amended Letter of Intent.** The parties acknowledge that neither this Amended Letter of Intent, nor any negotiations or understandings prior to the execution of the Definitive Agreement, shall constitute a binding or legally enforceable agreement of the parties, except for the provisions hereof entitled "Exclusivity", "Confidentiality", "Public Announcement/Disclosure", "Expenses", "Conduct of Business", "Termination", "Miscellaneous" and this Section 11 (hereafter the "Binding Provisions"), which Binding Provisions shall cumulatively constitute a legally binding and enforceable contract between the parties. This Amended Letter of Intent shall not obligate either party to negotiate or execute a Definitive Agreement. The Binding Provisions shall be governed by Georgia law, without giving effect to its conflict of law principles.

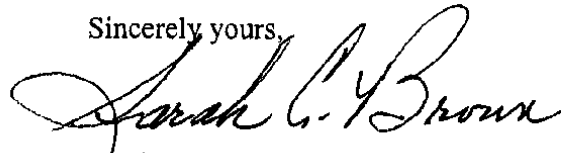
12. **Termination.** This Amended Letter of Intent may be terminated prior to entry of the Final Order and Judgment in the Derivative Proceeding approving the settlement by (i) mutual written consent of the parties; (ii) either party if a fairness opinion is not obtained from Cobb Electric's independent financial advisor by December 1, 2008 or if such opinion does not conclude that the consideration to be paid by Cobb Electric in connection with the Transaction is fair, from a financial point of view, to Cobb Electric; (iii) either party if the Definitive Agreement has not been executed by the date of the 2008 fairness hearing to be held in connection with the proposed settlement of the Derivative Proceeding; or (iii) Cobb Energy if our Due Diligence Investigation has not been completed by November 15, 2008.

13. **Miscellaneous.** This Amended Letter of Intent shall be interpreted, governed by, subject to, and construed in all respects in accordance with the laws of the State of Georgia (without giving effect to any principles of conflicts of laws which would lead to the application of the laws of another jurisdiction). Notwithstanding any other provision of this Amended Letter of Intent, in no event shall either party be liable, whether based in contract, in tort (including negligence and strict liability) or otherwise, for any consequential, special, punitive, incidental, exemplary or indirect losses or damages whatsoever (including, but not limited to, lost profits or revenue) arising under, or as a result of a breach of the provisions of, this Amended Letter of Intent. In the event any of the Binding Provisions is judged to be illegal, unenforceable or in conflict with any law by a court of competent jurisdiction, such provision shall be deemed severed here from and the validity of the remainder of this Amended Letter of Intent shall not be affected thereby. No party may assign or otherwise transfer any of its rights or obligations under this Amended Letter of Intent without the prior written consent of the other party. This

Amended Letter of intent (i) may be amended, changed, assigned, or transferred only by a written agreement signed by both parties; (ii) may be signed in multiple counterparts; and (iii) constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other written or oral agreements and discussions thereon between the parties, including the Original LOI.

Upon receipt of your signed acceptance of this Amended Letter of Intent, we will immediately make arrangements to begin our Due Diligence Investigation.

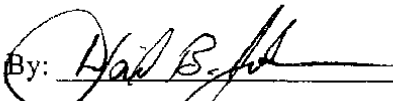
Sincerely yours,



Sarah Brown
Vice-Chairman
Board of Directors

Acknowledged as to numbered Sections 1-4, 9 and 10 and Agreed as to numbered Sections 5-8, 11, 12 and 13, all as of the date first written above.

COBB ENERGY MANAGEMENT CORPORATION

By:  _____
Name: David B. Johnson
Title: C.O.O.

SCAN IN PLACE OF TAB B

COBB ELECTRIC MEMBERSHIP CORPORATION

GOVERNANCE AND CORPORATE RESPONSIBILITY COMMITTEE CHARTER

The Governance and Corporate Responsibility Committee (the “Committee”) of Cobb Electric Membership Corporation, a Georgia electric membership corporation (the “Company”), is a committee of the Board of Directors of the Company (the “Board”), the composition, responsibilities and duties of which are described in this Governance and Corporate Responsibility Committee Charter (the “Charter”).

1. Responsibilities

The Committee’s primary responsibilities shall consist of the following:

(a) the Committee shall be responsible for evaluating the Company’s corporate governance policies, developing for adoption by the Board a set of formal, written guidelines for corporate governance and periodically reevaluating such policies and guidelines for the purpose of suggesting improvements to them, if appropriate; and

(b) the Committee shall be responsible for oversight of the Company’s position on corporate social responsibilities and issues of public significance that affect the Company’s members and other key stakeholders.

2. Composition of the Committee

The Committee shall consist of four (4) or more directors. The Committee shall be composed entirely of independent directors, each of whom is determined by the Board to be independent under the rules of The New York Stock Exchange and under any additional independence standards adopted by the Board.

The members of the Committee shall serve at the pleasure of the Board or until their successors shall be duly designated. Vacancies in the Committee shall be filled by action of the Board.

3. Duties

The Committee, subject to approval by the entire Board, where appropriate, shall have the following duties:

Evaluation:

(a) The Committee shall conduct an annual evaluation of its performance.

(b) The Committee shall conduct an annual evaluation of the independence of each Board member and the effect of any relationships that might impair independence and report to the Board with respect to each Board member’s independence.

Board Member Education: The Committee, together with management, shall develop and maintain a director orientation program for new Board members and shall arrange for appropriate educational programs for directors on an ongoing basis.

Corporate Governance:

(a) The Committee is responsible for evaluating, formulating and recommending to the full Board corporate governance policies designed to improve the Board's performance in its oversight function.

(b) The Committee shall monitor developments, trends and best practices in corporate governance and, from time to time, review the governance structures and procedures of the Company and suggest improvements thereto, if appropriate. Such improvements, if adopted by the full Board, shall be incorporated into the written guidelines.

Corporate Responsibility:

(a) The Committee shall review the Company's policies, programs and practices regarding its relationships with employees, members, customers, suppliers and the communities in which it operates, including, without limitation, those regarding:

- (i) environmental protection, health and safety issues;
- (ii) legislative and regulatory issues affecting the Company's businesses and operations;
- (iii) community, government and regulatory relations; and
- (iv) charitable and philanthropic contributions.

(b) The Committee shall review with management the Company's reputation among external constituencies.

(c) The Committee shall bring to the attention of the Board, as appropriate, emerging political, social and environmental trends and public policy issues that may affect the business operations, performance or public image of the Company.

4. Operations of the Committee

Schedule of Meetings: In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings; additional meetings may be scheduled as required.

Conduct of Meetings: A quorum at any Committee meeting shall be a majority of its members. All determinations of the Committee shall be made either at a meeting duly called and held, at which a quorum is present and acting, or by a written consent to the actions taken signed by all of the members of the Committee.

Agendas: The Chair of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting.

5. Other Duties

The Committee shall also carry out such other duties not provided for in this Charter that may be delegated to it by the Board from time to time.

6. Reporting

The Committee shall keep written minutes of each Committee meeting, which shall set forth the Committee's actions as required by this Charter and shall be duly filed in the Company's records. Reports of meetings of the Committee, including a report of all actions taken, shall be made to the Board at its next regularly scheduled meeting following the Committee meeting, accompanied by any recommendations to the Board approved by the Committee.

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Adopted and effective as of September 4, 2008.

COBB ELECTRIC MEMBERSHIP CORPORATION

GUIDELINES ON SIGNIFICANT CORPORATE GOVERNANCE ISSUES

The role of the Board of Directors (the “Board”) of Cobb Electric Membership Corporation, a Georgia electric membership corporation (the “Company”), is to provide effective governance with respect to the business and affairs of the Company for the benefit of its members and other constituencies, which include the Company’s employees, customers, suppliers and creditors and the communities in which it operates, in accordance with the Georgia Electric Membership Corporation Act (the “Act”) and the Company’s articles of incorporation and bylaws. The Board strives to ensure the success and continuity of the Company’s business through qualified management.

The Board has adopted the following guidelines (the “Guidelines”) to assist it in the exercise of its responsibilities. These Guidelines are in addition to, and are not intended to modify, the requirements of any federal or state law or regulation, including the Act or the articles of incorporation or bylaws of the Company. In the event of any conflict between a provision of these Guidelines and a provision of federal or state law or regulation (including, without limitation, the Act) or the Company’s articles of incorporation or bylaws, the relevant provision of law or of such articles of incorporation or bylaws shall control.

1. Chairman of the Board

The Chairman of the Board shall be chosen from among the directors of the Company and shall be independent under the rules of The New York Stock Exchange (the “NYSE”).

The Chairman will establish the agenda for each Board meeting. Each Board member is encouraged to suggest the inclusion of items on the agenda. Information and data that are important to the Board’s understanding of matters to be discussed at each Board meeting should be distributed in writing to the Board before each meeting, if feasible, so that meeting time may be as productive as possible. Board members are expected to familiarize themselves with such materials to help ensure productive meetings. When the subject matter is too sensitive to put on paper, the presentation will be discussed at the meeting.

2. Time Commitment of the Directors

The number of Board and committee meetings will vary with circumstances. Special meetings shall be called as necessary. It is the responsibility of the directors to attend meetings. Attendance is expected at all Board and committee meetings and at the annual meeting of members unless unavoidable circumstances preclude attendance. At a minimum, each director is expected to attend during each fiscal year at least 75% of the aggregate of the total number of meetings of the Board (held during the period for which he or she has been a director) and the total number of meetings held by all committees of the Board on which he or she served (during the periods that he or she served).

3. Board Composition

Size of the Board and Board Classification

The bylaws of the Company provide that the Board shall consist of ten (10) members. The Board shall be divided into three (3) classes as nearly equal in number as possible, with the term of one class expiring each year. Directors shall be elected for terms of three (3) years.

Qualifications

Board members must satisfy the qualifications for service set forth in the Company's bylaws. Additionally, each director or nominee should possess good judgment and an inquiring and independent mind, as well as a reputation for the highest personal and professional ethics, integrity and values.

Directors must be willing to devote sufficient time and effort to carrying out their duties and responsibilities effectively and should be committed to serve on the Board for an extended period of time.

In addition, no Board member may serve, without the prior approval of the Governance and Corporate Responsibility Committee, on the board of directors of more than three (3) other companies. Members of the Board of Directors are expected to advise the Chairman of the Board and the Chairman of the Governance and Corporate Responsibility Committee prior to accepting membership on the board of directors or equivalent governing body of any "for profit" enterprise, whether public or private.

Independence of Directors

It is the policy of the Board that all Board members shall be independent directors under the rules of the NYSE, provided that these Guidelines shall not limit any rights that the Company's members may have with respect to the election of directors under applicable law. No director shall qualify as independent unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

The Board will consider all relevant facts and circumstances in making a determination of independence. In particular, when assessing the materiality of a director's relationship with the Company, the Board shall consider the issue not merely from the standpoint of the director, but also from the standpoint of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others.

Each director must notify the Board as soon as practical in the event that his or her circumstances change in any manner that may affect the Board's independence determination.

4. Board Determination of Director Independence

The Governance and Corporate Responsibility Committee is responsible for annually evaluating the independence of each Board member and making a recommendation to the Board with respect to each Board member's independence.

5. Board Committees

The committee structure of the Board consists of a Governance and Corporate Responsibility Committee, an Affiliated Transactions Committee, an Audit and Budget Committee, a Finance Committee and a Public Relations Committee. This structure is appropriate for the Company's current needs. The Board, from time to time, may elect, in its discretion, to form a new committee or disband a current committee depending upon the circumstances. All committees are encouraged to have written charters which are approved by the full Board.

The Board, by resolution, may designate from among its members one or more committees, each committee to consist of two or more directors and to satisfy any otherwise applicable provisions of the Act. The Board has no set policy for the regular rotation of committee members or committee chairs. However, as part of its normal review of governance issues, the Governance and Corporate Responsibility Committee will from time to time examine committee assignments and make recommendations to the Board concerning changes in such assignments that it deems appropriate.

6. Frequency of Committee Meetings

Each committee Chair, in consultation with committee members and management, will determine the frequency and length of the meetings of the committee. Regular meetings of any committee may be held without notice at such time and at such place, within or without the State of Georgia, as from time to time shall be determined by such committee or by the committee Chair. A special meeting of any committee appointed by the Board may be called by the Chairman of the Board, the Chief Executive Officer, the Board, the committee Chair, the committee by vote at a meeting or by two members of the committee in writing without a meeting, in each case, by giving each committee member two days written notice of the date, time and place of the meeting.

The committee Chair, in consultation with the appropriate members of management and staff, will develop each committee's meeting agenda. Each committee is encouraged to develop a schedule of agenda subjects to be discussed for the ensuing year and share them with the Board.

Information and data that are important to a committee's understanding of matters to be discussed at each committee meeting should be distributed in writing to the committee before each meeting, if feasible, so that committee meeting time may be as productive as possible. Committee members are expected to familiarize themselves with such materials to help ensure productive meetings. When the subject matter is too sensitive to put on paper, the presentation will be discussed at the meeting. Certain committees, as provided in their charters, shall have access to, and the means to engage, independent advisors.

7. Relationship with Cobb Energy Management Corporation

In recognition of the nature of the relationship between the Company and Cobb Energy Management Corporation, of which the Company is a significant shareholder, the Board has formed an Affiliated Transaction Committee to assist the Board in its oversight of such relationship.

8. Board Access to Senior Management

Board members have complete access to the Company's senior management personnel. It is assumed that Board members will use judgment to be sure that such contact is not distracting to the business operations of the Company and that such contact, if in writing, be copied to the Company's Chief Executive Officer. Furthermore, the Board encourages members of the Company's senior management to, from time to time, bring managers into board meetings who can provide additional insight into the items being discussed because of personal involvement in those areas.

9. Board Compensation Review

The Board shall periodically review the per diem compensation payable to directors. The Board may engage outside consultants to assist with such review. Changes in Board compensation, if any, should be made with full discussion and concurrence by the Board.

10. Assessing the Board's Performance

The Governance and Corporate Responsibility Committee is responsible for overseeing an annual assessment of the Board's performance and the performance of each committee of the Board. The assessment results will be discussed with each committee and with the full Board, as applicable.

11. Board Interaction with Company Constituencies

Directors generally owe a broad legal duty of confidentiality to the Company with respect to information they learn about the Company in the course of their duties. Maintaining confidentiality is essential for the protection of the individual directors, since directors can be responsible for any misleading statements that are attributable to them. Even when a director believes that the subject matter of his or her statements is within the public domain, individual directors should avoid commenting on matters concerning the Company.

Management should speak for the Company, and individual directors should not, without prior consultation with management, have substantive discussions regarding Company policy or Company business issues with constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman.

12. Succession Planning

The Governance and Corporate Responsibility Committee shall review with the Chief Executive Officer management succession and executive development plans. In addition, there

should be available to the committee, on a continuing basis, the Chief Executive Officer's recommendation as to a successor(s) should he or she become disabled.

There should be an annual review of succession planning by the Chief Executive Officer with the Board.

13. Director Education

Management will develop and implement an orientation program for new Board members. The orientation process will include providing new Board members with comprehensive information about the Company's operations, as well as the policies, procedures and responsibilities of the Board and its committees. New Board members also will meet with senior management of the Company, and the Company will facilitate the participation of all Board members in relevant continuing education programs.

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Adopted and effective as of September 4, 2008.

COBB ELECTRIC MEMBERSHIP CORPORATION

CODE OF CONDUCT FOR DIRECTORS

Cobb Electric Membership Corporation, a Georgia electric membership corporation (the “Company”), is committed to conducting its business in accordance with all applicable laws, rules and regulations and to dealing with all its stakeholders with the highest ethical standards, integrity and as responsible corporate citizens. The trust and confidence of all its stakeholders, together with its reputation, are among the most valuable assets of the Company. Along with its commitment to competitiveness and performance, the Company will continue to be led by its values to achieve sustainable success.

The Company’s Board of Directors (the “Board”) is responsible for establishing the standards by which its conduct will be judged. To help ensure that it adheres to the highest standards of conduct and ethical behavior, the Board has adopted this Code of Conduct (the “Code”), which is intended to provide guidance in recognizing and dealing with ethical issues and to help foster a culture of honesty and accountability. Every director is expected to read and understand this Code and its application to the performance of his or her duties, functions and responsibilities and to abide by each of its provisions.

1. Requirements of Directors

Every director must:

- (a) exhibit high standards of integrity, commitment and independence of thought and judgment;
- (b) make all decisions concerning the Company’s business and affairs based on the best interests of the Company and its members and without regard to any personal interest;
- (c) dedicate adequate time, energy and attention to ensure the diligent performance of his or her duties and make all reasonable efforts to attend all Board and committee meetings;
- (d) comply with every provision of this Code; and
- (e) ensure that all employees shall be treated with equal respect and dignity and shall be provided with equal opportunity to develop themselves and their careers.

2. Compliance with Applicable Laws

In the discharge of their duties and responsibilities, directors must comply with all applicable laws, rules and regulations and must deal with all of the Company’s stakeholders with the highest ethical standards and integrity and as responsible corporate citizens.

3. Conflicts of Interest

Directors must avoid conflicts of interest. Directors should also be mindful of, and seek to avoid, conduct which could reasonably be construed as creating an appearance of a conflict of

interest. Directors must not have any interests that adversely influence the performance of their duties, functions and responsibilities as directors of the Company. A conflict of interest can arise when a director or a member of his or her immediate family receives improper personal benefits as a result of his or her position as a director of the Company. A conflict situation can also arise when a director takes an action or has an interest that may make it difficult for him or her to perform his or her duties, functions and responsibilities objectively and effectively.

While this Code does not attempt, and indeed it would not be feasible, to describe all conceivable conflicts of interest that could develop, the following are some examples of situations which may constitute conflicts of interest:

- Working, in any capacity, for a competitor, customer, supplier or other third party while serving as a director of the Company
- Competing with the Company for the purchase or sale of products, services or other interests
- Directing business to a supplier owned or managed by, or which employs, a relative or friend
- Receiving loans or guarantees of obligations as a result of one's position as a director
- Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company
- Accepting, or having a member of a director's family accept, a gift from persons or entities that deal with the Company, where the gift is being made in order to influence the director's actions as a member of the Board or where acceptance of a gift could otherwise reasonably create the appearance of a conflict of interest

Conflicts of interest may not always be clear-cut. Any question, therefore, about a director's actual or potential conflict of interest with the Company should be brought promptly to the attention of the Chairman of the Board, who will review the question and determine a proper course of action, including whether consideration or action by the full Board is necessary. Directors involved in any conflict or potential conflict situations shall excuse themselves from any discussion or decision relating thereto.

4. Corporate Opportunity

Directors shall not (a) compete with the Company, (b) take for themselves personally any business opportunities that belong to the Company or are discovered through the use of corporate property, information or position, or (c) use corporate property, information or position for personal gain.

5. Confidentiality

The proceedings and deliberations of the Board and its committees are confidential, and all directors must maintain the confidentiality of all non-public information concerning the Company entrusted to them or disclosed or acquired by them in carrying out their duties and responsibilities, except where disclosure is authorized by the Company or is required by any applicable law or regulation or in connection with any legal proceeding. Directors are permitted to use such

information only for the business purpose intended and may not share such information with anyone outside the Company, including family, friends and business associates. Whenever feasible, directors should consult the Chairman of the Board if they believe they have a legal obligation to disclose any such information.

6. Fair Dealing

Directors should endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and employees. No director may take unfair advantage of the Company's customers, suppliers, competitors or employees through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. Gifts or entertainment in any form that is likely to result in a feeling of expectation of personal obligation should not be extended or accepted.

Company funds will not be used in payments, direct or indirect, to government officials, people participating in government bodies, employees of state organizations or representatives of political parties for any unlawful or improper purpose.

7. Protection and Proper Use of Company Assets

Directors should perform their duties in a manner that protects the Company's assets and ensures their efficient use. Company assets should be used only for legitimate business purposes.

8. Reporting Illegal or Unethical Behavior

Directors shall promptly contact the Chairman of the Board if the director believes that he or she has observed or has otherwise become aware of illegal or unethical behavior by any employee, officer or director or by any one purporting to be acting on the Company's behalf or any violation or possible violation of this Code and the reporting director has any doubt as to the best course of action in a particular situation. Confidentiality will be maintained to the extent permitted by law.

9. Amendment, Modification and Waiver

This Code may be amended, modified or waived only by the Board and must be publicly disclosed if required by any applicable law or regulation. As a general policy, the Board will not grant waivers.

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Adopted and effective as of September 4, 2008.

COBB ELECTRIC MEMBERSHIP CORPORATION

POLICIES AND PROCEDURES GOVERNING RELATED-PERSON TRANSACTIONS

The Board of Directors (the “Board”) of Cobb Electric Membership Corporation, a Georgia electric membership corporation (the “Company”), hereby establishes the following Policies and Procedures (the “Policy”) that must be followed in connection with any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships, including any indebtedness or guarantee of indebtedness, with a Related Person, as hereinafter defined, where the aggregate amount involved is reasonably expected to exceed \$25,000 in any calendar year (“Related-person Transactions”):

1. The Affiliated Transactions Committee of the Board (the “Committee”) must review the material facts of any Related-person Transaction and approve such transaction. If advance approval is not feasible, then the Committee must ratify the Related-person Transaction at its next regularly scheduled meeting or the transaction must be rescinded. In making its determination to approve or ratify the Related-person Transaction, the Committee should consider all material factors, including, without limitation, (i) the extent of the Related Person’s interest in the Related-person Transaction, (ii) if applicable, the availability of other sources of comparable products or services, (iii) whether the terms of the Related-person Transaction are no less favorable than terms generally available in unaffiliated transactions under like circumstances, (iv) the benefit to the Company, and (v) the aggregate value of the Related-person Transaction.

2. For purposes of this Policy, “Related Person” means:

(a) any person who is or was an officer, director or nominee for election as a director of the Company since the beginning of the last fiscal year; or

(b) any immediate family member of any of the foregoing, which means any child, parent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and anyone residing in such person’s home (other than a tenant or employee); or

(c) any firm, corporation, charitable organization or other entity in which any of such persons is employed or an officer, general partner or principal or in a similar position or in which the person and all related parties has beneficial ownership interests of ten percent (10%) or more.

3. The Committee shall collect and maintain a master list of all Related Persons and, on an annual basis, distribute that list to appropriate officers and employees so that such officers and employees may identify and bring forward any transaction or proposed transaction involving a Related Person. The Committee shall review each transaction or proposed transaction where the aggregate amount involved exceeds or is reasonably expected to exceed \$25,000 in a calendar year and consider such transaction for approval or ratification.

4. No director of the Company may engage in any Committee discussion or approval of any Related-person Transaction in which he or she is a Related Person; provided, however, that such director must provide to the Committee all material information reasonably requested concerning the Related-person Transaction.

5. All ongoing Related-person Transactions must be reviewed and approved or ratified annually by the Committee.

6. The following transactions are exempt from the definition of Related-person Transactions and are hereby deemed pre-approved:

(a) any compensation paid to a director of the Company if such compensation is pursuant to the Board-approved standard compensation arrangements for directors;

(b) any transaction in which the Related Person's interest arises solely from his or her interest as a member of the Company and all other members of the Company received the same benefit on a pro rata basis (e.g., dividends); and

(c) transactions available to Company employees generally.

7. Notwithstanding anything contained herein to the contrary, all Affiliated Transactions (as such term is defined in the Charter of the Committee) shall remain subject to the terms and provisions of said Charter and shall not be deemed to be Related-person Transactions for purposes of this Policy.

* * * * *

Adopted and effective as of September 4, 2008.

COBB ELECTRIC MEMBERSHIP CORPORATION

AFFILIATED TRANSACTIONS COMMITTEE CHARTER

The Affiliated Transactions Committee (the “Committee”) of Cobb Electric Membership Corporation, a Georgia electric membership corporation, is a committee of the Board of Directors of Cobb Electric Membership Corporation (the “Board”), the composition, responsibilities and duties of which are described in this Affiliated Transactions Committee Charter (the “Charter”).

1. Authority and Responsibilities

The primary purpose of the Committee shall be to represent and assist the Board in its oversight and review of all Affiliated Transactions.

The Committee shall review, consider and pass upon any Affiliated Transaction, and no Affiliated Transaction shall be effected without the written concurrence of the Committee, during such time that (i) the Chief Executive Officer of Cobb Electric Membership Corporation (the “CEO”) shall also be an officer, director or employee of Cobb Energy; (ii) any CEO Related Party shall be an officer, director or employee of Cobb Energy; (iii) the CEO or any CEO Related Party beneficially owns (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, any equity securities of, or other equity interests in, Cobb Energy; or (iv) there shall be (A) any indebtedness owing to the CEO or to any CEO Related Party from Cobb Energy, (B) any indebtedness owing from the CEO or from any CEO Related Party to Cobb Energy, or (C) any indebtedness of Cobb Energy that is guaranteed by, or otherwise collateralized by the assets of, the CEO or any CEO Related Party.

2. Certain Definitions

For purposes of this Charter, the following terms shall be defined as set forth below:

(a) “Affiliate” means, with respect to a particular Person, any entity controlling, controlled by, or under common control with, such Person.

(b) “Affiliated Transaction” means:

(i) any contract or agreement, whether written or oral, between the Company and Cobb Energy (following the approval of any such contract or agreement in accordance with this Charter, an “Approved Contract”);

(ii) any purchase or sale by the Company of an equity interest in Cobb Energy;

(iii) any loan or other extension of credit (which, for the avoidance of doubt, shall not include accounts payable arising in the ordinary course of business) made by the Company to Cobb Energy or by Cobb Energy to the Company;

(iv) any guarantee by the Company of any indebtedness or other obligation of Cobb Energy or any guarantee by Cobb Energy of any indebtedness or other obligation of the Company;

(v) any purchase, or series of similar purchases, by the Company of any assets, properties, goods or services from Cobb Energy or any purchase, or series of similar purchases, by Cobb Energy of any assets, properties, goods or services from the Company, in each case (A) having a value, or involving consideration, individually or in the aggregate, in excess of \$25,000 and (B) other than pursuant to an Approved Contract;

(vi) any other transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, between the Company and Cobb Energy, in each case (A) having a value, or involving consideration, individually or in the aggregate, in excess of \$25,000 and (B) other than pursuant to an Approved Contract; and

(vii) any other transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, between the Company and Cobb Energy that the Board shall designate as an “Affiliated Transaction.”

(c) “CEO Related Party” means any of the following:

(i) each member of the CEO’s Family;

(ii) any Person that is directly or indirectly controlled by the CEO or one or more members of the CEO’s Family;

(iii) any Person in which the CEO or one or more members of the CEO’s Family hold a Material Interest, individually or in the aggregate; and

(iv) any Person with respect to which the CEO or one or more members of the CEO’s Family serves as a director, officer, partner, executor or trustee (or in a similar capacity).

(d) “Cobb Energy” means Cobb Energy Management Corporation and each of its Affiliates.

(e) “Company” means Cobb Electric Membership Corporation and each of its Affiliates.

(f) “control” (including “controlling,” “controlled by,” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and shall be construed as such term is used in the rules promulgated under the Securities Act of 1933, as amended.

(g) “Family” means, with respect to a particular individual, any child, parent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of such individual and anyone residing in such individual’s home (other than a tenant or employee).

(h) “Material Interest” means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of voting securities or other voting interests representing at least ten percent (10%) of the outstanding voting power of a Person or equity securities or other equity interests representing at least ten percent (10%) of the outstanding equity securities or equity interests in a Person.

(i) “Person” means an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or governmental authority.

3. Powers of Committee with Respect to Affiliated Transactions

The Committee shall have the power to (i) negotiate with the representatives of any party to an Affiliated Transaction and to review, consider and pass upon all Affiliated Transactions; (ii) require approval of an Affiliated Transaction by a vote of the members of Cobb Electric Membership Corporation which may be greater than, or in addition to, any vote required by law; and (iii) engage Independent Advisors at the reasonable expense of the Company, and without prior approval of the Company, to assist in its review and decision regarding any Affiliated Transaction. An “Independent Advisor” means any legal or financial advisor or other expert (x) that has not represented or provided services to Cobb Energy during the past twelve (12) months; or (y) notwithstanding the foregoing, that the Committee determines, after due inquiry, is able to represent the Committee in an independent manner not adverse to the interests of Cobb Electric Membership Corporation and its members.

4. Composition of the Committee

The Committee shall consist of four (4) or more members of the Board, each of whom (i) is determined by the Board to be independent under the rules of The New York Stock Exchange and under any additional independence standards adopted by the Board; (ii) is not, and for the past five (5) years has not been, an officer, director or employee of Cobb Energy; and (iii) does not own any equity or other ownership interest in Cobb Energy.

The members of the Committee shall serve at the pleasure of the Board or until their successors shall be duly designated. Vacancies in the Committee shall be filled by action of the Board.

5. Operations of the Committee

Schedule of Meetings: In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings; additional meetings may be scheduled as required.

Conduct of Meetings: A quorum at any Committee meeting shall be a majority of its members. All determinations of the Committee shall be made either at a meeting duly called and held, at which a quorum is present and acting, or by a written consent to the actions taken signed by all of the members of the Committee.

Agendas: The Chair of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting.

Self-Assessment: The Committee shall evaluate its performance on an annual basis and develop criteria for such evaluation. At least annually, this Charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board for approval.

6. Other Duties

The Committee shall also carry out such other duties that may be delegated to it by the Board from time to time.

7. Reporting

The Committee shall keep written minutes of each Committee meeting, which shall set forth the Committee's actions as required by this Charter and shall be duly filed in Cobb Electric Membership Corporation's records. Reports of meetings of the Committee, including a report of all actions taken, shall be made to the Board at its next regularly scheduled meeting following the Committee meeting, accompanied by any recommendations to the Board approved by the Committee.

8. Amendment or Repeal of Charter

Notwithstanding anything in this Charter to the contrary, this Charter may not be amended or repealed except upon the unanimous approval of the Board.

* * * * *

Adopted and effective as of September 4, 2008.

SCAN IN PLACE OF TAB C

SCAN IN PLACE OF TAB 1

SUPERIOR COURT OF THE STATE OF GEORGIA
COUNTY OF COBB

EDGAR "BO" POUNDS, individually and on behalf of the estate of Mary Jean Pounds,)
JOSEPH THOMPSON, FRANKLIN SMITH, EAGLE EYE FORENSICS, LLC, DIANNE)
BRACKIN, and WILLIAM SHARP, Derivatively On Behalf of COBB ELECTRIC)
MEMBERSHIP CORPORATION.)

Plaintiffs,

vs.

DWIGHT BROWN, DON BARNETT, DAVID MCGINNIS, KAY ANDERSON, AL)
FORTNEY, JR., FRANK BOONE, SARAH BROWN, LARRY CHADWICK, HENRY)
BALKCOM III, COBB ENERGY MANAGEMENT CORPORATION and DOES 1-15,)
inclusive,)

Defendants,

-and-

COBB ELECTRIC MEMBERSHIP CORPORATION, a Georgia Corporation,)
Nominal Defendant.)

Civil Action File No. 07-1-9408-48

TO: ALL MEMBERS OF COBB ELECTRIC MEMBERSHIP CORPORATION ("COBB EMC")

**PLEASE READ THIS NOTICE CAREFULLY
IT MAY AFFECT YOUR RIGHTS**

THIS NOTICE RELATES TO A SETTLEMENT OF A MEMBERS' DERIVATIVE ACTION AND CLAIMS ASSERTED THEREIN ON BEHALF OF COBB EMC.

This Notice is given pursuant to an Order of the Superior Court of Cobb County, Georgia (the "Court"). The purpose of the Notice is to advise you that the above-entitled action (the "Derivative Action") is now pending in the Court and that the parties thereto have reached a settlement (the "Settlement"), as set forth in a *Joint Proposal for Resolution of Derivative Litigation* dated October 30, 2008 (the "Joint Proposal"), which will fully, finally and forever resolve the Derivative Action on the terms and conditions set forth in the Joint Proposal and summarized in this Notice.

This Notice is not intended to be and should not be construed as an expression of any opinion by the Court with respect to the truth, validity or merits of the allegations or claims made in the Derivative Action or of the validity or merits of the defenses asserted. This Notice is to advise you of the Settlement of the Derivative Action and of your rights thereunder.

I. THE SETTLEMENT HEARING

A hearing (the "Fairness Hearing") will be held before the Honorable J. Stephen Schuster, Superior Court Judge, on December 2, 2008, at 1:30 p.m., at the Cobb County Courthouse, 30 Waddell Street, Marietta, Georgia 30090, Courtroom N, for the purpose of determining whether the Settlement is fair, reasonable and adequate, whether it should be approved by the Court, whether a Judgment should be entered dismissing the Derivative Action with prejudice, and whether an application by Derivative Counsel for attorneys fees and reimbursement of expenses should be granted. The Fairness Hearing may be continued or adjourned from time to time by the Court at the Fairness Hearing or at any continued or adjourned session thereof without further notice. Any of the dates set forth herein may also be modified by the Court

without further notice.

II. THE DERIVATIVE ACTION

On October 22, 2007 the Derivative Action was filed in the Court behalf of Cobb EMC and its members. The complaint in the Derivative Action generally alleges causes of action for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and unjust enrichment. As indicated below, the Defendants deny any wrongdoing. The Court has not made a decision on the merits of the Derivative Action The Plaintiffs in the Derivative Action are represented by the law offices of Carr & Palmer, LLP; Dupree & Kimbrough, LLP and Webb, Klase & Lemond, L.L.C (collectively "Derivative Counsel").

III. CLAIMS OF THE DERIVATIVE PLAINTIFFS AND BENEFITS OF THE SETTLEMENT

The Derivative Plaintiffs believe that the claims asserted in the Derivative Action have merit. However, they and Derivative Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Derivative Action against the Derivative Defendants through trial and appeal. They and Derivative Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Derivative Action, as well as the difficulties and delays inherent in such litigation. They and Derivative Counsel also are mindful of the inherent problems of proof of and possible defenses to the violations asserted in the Derivative Action. They and Derivative Counsel believe that the Settlement summarized in this Notice is in the best interest of Cobb EMC and its members. Specifically, Cobb EMC benefits by the Settlement terms described herein, and by avoiding the significant risks, costs and distractions to Cobb EMC in litigating the derivative claims.

IV. DERIVATIVE DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Derivative Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Derivative Plaintiffs in the Derivative Action. The Derivative Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them or any of them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Derivative Action. The Derivative Defendants also have denied and continue to deny the allegations that Cobb EMC has suffered damage or that Cobb EMC was harmed by any of the conduct alleged in the Derivative Action.

Nonetheless, the Derivative Defendants have concluded that further conduct of the Derivative Action would be protracted, expensive and distracting to Cobb EMC and that it is desirable and beneficial that the Derivative Action be fully and finally settled in the manner and upon the terms and conditions summarized herein. The Derivative Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Derivative Action.

V. THE SETTLEMENT

Derivative Counsel have investigated the facts and the applicable law regarding the claims of Cobb EMC on whose behalf they are acting and the potential defenses thereto. Based on this investigation, Derivative Counsel has agreed with Cobb EMC that it is in the best interests of Cobb EMC and the Cobb EMC members to settle the Derivative Action:

A summary of the terms of the Settlement, if approved, include:

1. The sale and/or liquidation of all Cobb Energy subsidiaries except ProCore Solutions LLC, Cobb Energy Right of Way, LLC and the joint venture between Cobb Electric and Cobb Energy relating to the design, licensing,

development and operation of certain software and related computer equipment. All proceeds from the above sale and/or liquidation of Cobb Energy subsidiaries will be paid to Cobb EMC;

2. Cobb Energy will become a wholly-owned subsidiary of Cobb EMC, which will result in the return of all meters and employees under the corporate umbrella of Cobb EMC;

3. Termination of the remaining approximately thirty-two year term of the Operating Agreement between Cobb Energy and Cobb EMC, which will eliminate all management fees paid by Cobb EMC to Cobb Energy;

4. By June 1, 2009, Cobb EMC's Board of Directors will adopt a succession plan for Cobb EMC's CEO and President Dwight T. Brown to assure the orderly transition to a replacement CEO and President.

5. A proposed amendment to the by-laws will be presented for Cobb EMC member consideration and vote at the next meeting of Cobb EMC members, which will be held within sixty days from the date of the final approval of the Settlement by the Court, to allow members the right to vote for directors by mail-in ballots. Whether or not this by-law amendment is approved by Cobb EMC members, a meeting to elect Cobb EMC directors for 2008 will take place within sixty days after the meeting of the members at which the proposed by-law amendment is considered. An amendment to the by-laws may also be presented at the next meeting of the Cobb EMC members seeking to address the payment of retirement benefits to Cobb EMC directors in the future.

6. The motions made by members at the September 4, 2008 Cobb EMC Annual Meeting have been addressed by the Cobb EMC Board of Directors or are addressed by the Settlement. More particularly:

(i) The motion to rescind the resolution adopted by the Cobb EMC board on August 26, 2008 increasing the fee charged by Cobb Energy to Cobb EMC from 6% to 11% is addressed by Cobb Energy's restructuring in which it becomes a wholly-owned subsidiary of Cobb EMC and such fees will not be charged in the future;

(ii) The motion to prohibit Cobb EMC officers, directors and others from having ownership interest in, or being employed with, Cobb Energy has been addressed by Cobb Energy's restructuring in which it becomes a wholly-owned subsidiary of Cobb EMC;

(iii) The motion made to request the EMC board of directors to reassess the relationship of Cobb Energy so to eliminate any appearance of conflicts of interest has been addressed by Cobb Energy's restructuring in which it becomes a wholly owned subsidiary of Cobb EMC;

(iv) The motion to hold future meetings of the Cobb EMC members on Saturdays has been addressed as Cobb EMC's Board of Directors adopted a resolution to future meetings of members on Saturdays;

(v) The motion to have the cost benefit analysis relating to the proposed Washington County, Georgia coal-fired power generation plant made accessible to the public and the Cobb EMC membership has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring this information to be placed on Cobb EMC's website;

(vi) The motion to have Cobb EMC distribute and separate the financials of Cobb EMC and Gas South LLC in future annual reports has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring this information to be placed on the EMC website; and

(vii) The motion that Cobb EMC director insurance, fringe benefits and compensation be listed in future annual reports has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring such information to be posted on Cobb EMC's website with a reference in future annual reports that such information can be obtained by

accessing Cobb EMC's website.

7. Corporate Governance Changes

The corporate governance policies and provisions adopted by Cobb EMC's Board of Directors on September 4, 2008 will be fully implemented as soon as practicable. Cobb EMC shall maintain these corporate governance policies and provisions in effect for a period of no less than five years. A copy of the full text of these policies and provisions can be viewed at www.carrpalmer.com.

VI. THE RIGHT TO BE HEARD AT THE HEARING

Any Cobb EMC member may appear at the Fairness Hearing to show cause why the Settlement should not be approved, why a Judgment should not be entered thereon or why Derivative Counsel's application for attorneys' fees and expenses should not be approved; provided, however, that no such Person shall be heard, unless his, her or its objection, or opposition, including the basis therefore, is made in writing, together with proof of being a Cobb EMC member and is filed, together with copies of all other papers in support thereof, by hand delivery or first class mail, no later than December 1, 2008, with the Court, Derivative Counsel and counsel for Defendants as follows:

Clerk, Superior Court of Cobb County
Civil Filing Desk
32 Waddell Street
Marietta, Georgia 30090

W. Pitts Carr
David M. Cohen
Carr & Palmer, LLP
10 North Parkway Square
4200 Northside Parkway, NW
Atlanta, Georgia 30327
Lead Counsel for Derivative Plaintiffs

David Flint
Schreeder, Wheeler & Flint, LLP
1100 Peachtree Street, Suite 800
Atlanta, Georgia 30309
Counsel for Cobb EMC

Barry McCabe
Sutherland
999 Peachtree Street, NE
Atlanta, Georgia 30309-3996
Counsel for Dwight Brown

Leo E. Reichert
Parker, Hudson, Rainer & Dobbs LLP
1500 Marquis Two Tower
285 Peachtree Center Avenue, NE
Atlanta, Georgia 30303
Counsel for Directors Frank Boone and David McGinnis

S. Lester Tate, III
Akin & Tate, PC
11 Public Square
P.O. Box 878
Cartersville, Georgia 30120
Counsel for Directors Anderson, Barnett Balkcom, S. Brown, Chadwick and Fortney

Michael Weinstock
Richard Merritt
WEINSTOCK & SCAVO, PC
3405 Piedmont Rd., NE, Suite 300
Atlanta, Georgia 30305
Counsel for Cobb Energy

Unless otherwise ordered by the Court, any Cobb EMC member who does not make his, her or its objection or opposition in the manner provided shall be deemed to have waived all objections and opposition to the fairness, reasonableness and adequacy of the Settlement and the application by Derivative Counsel for attorneys' fees and reimbursement of expenses.

VII. DISMISSAL AND RELEASES

If the Settlement is approved, the Court will enter a Judgment in the Derivative Action. The Judgment will dismiss all claims that were asserted in the Derivative Action. The Judgment will also provide that all Cobb EMC members as of December 2, 2008 and Cobb EMC shall be deemed to have released and forever discharged all claims that were or could

have been asserted in the Derivative Action against the Defendants, except direct claims (if any) held individually by Cobb EMC members.

VIII. APPLICATION FOR FEES AND REIMBURSEMENT OF EXPENSES

At the Fairness Hearing, Plaintiffs' Counsel will apply to the Court for an award of attorneys fees for legal services rendered plus reimbursement of their expenses incurred, to be paid by Defendants. Plaintiffs' Counsel's fees and expenses may only be awarded after the Court has determined such fees and expenses are fair and reasonable. To date, Derivative Counsel have not received any payment for their services in conducting the Derivative Action.

IX. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Joint Proposal. Those events include, among other things, entry of the Judgments by the Court, including a Judgment dismissing the Derivative Action, as provided for in the Joint Proposal. If, for any reason, certain of the conditions described in the Joint Proposal are not met, the Joint Proposal might be terminated and, if terminated, will become null and void, and the parties to the Joint Proposal will be restored to their respective positions as of October 30, 2008, before the Joint Proposal was executed.

X. EXAMINATION OF PAPERS AND INQUIRIES

This Notice contains only a summary of the terms of the Settlement. For a more detailed statement of the matters involved in the Derivative Action reference is made to the Joint Proposal which may be inspected at the Clerk, Superior Court of Cobb County, Civil Filing Desk, 32 Waddell Street, Marietta, Georgia 30090 during business hours of each business day. You may also view and print a copy of the mailed notice, complaint, Joint Proposal and other court documents at www.carrpalmer.com.

Any other inquiries regarding the Settlement or the Derivative Action should be addressed in writing to Derivative Counsel as follows:

W. Pitts Carr
David M. Cohen
Carr & Palmer, LLP
10 North Parkway Square
4200 Northside Parkway, NW
Atlanta, Georgia 30327

PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: NOVEMBER 10, 2008

BY ORDER OF THE SUPERIOR COURT OF COBB COUNTY, GEORGIA

SCAN IN PLACE OF TAB 2

TO: ALL MEMBERS OF COBB ELECTRIC MEMBERSHIP CORPORATION

Please Read this Notice Carefully - It May Affect Your Rights.

This Notice is given pursuant to an Order of the Superior Court of Cobb County, Georgia.

YOU ARE HEREBY NOTIFIED that the parties in the lawsuit Edgar "Bo" Pounds et al. v. Dwight Brown et al., Civil Action File No. 07-1-9408-48 pending in the Superior Court of Cobb County, State of Georgia (the "Derivative Action") have entered into a Joint Proposal for Resolution of Derivative Litigation ("Joint Proposal") on October 30, 2008 that contains terms of a settlement ("Settlement").

PLEASE BE FURTHER ADVISED that pursuant to an Order of the Superior Court of Cobb County, Georgia (the "Court"), a hearing will be held on December 2, 2008 at 1:30 p.m., before the Honorable J. Stephen Schuster, Judge, Superior Court of Cobb County, 30 Waddell Street, Marietta, Georgia 30090, Courtroom N for the purpose of determining: a) whether the Settlement of the Derivative Action should be approved by the Court as fair, reasonable and adequate to Cobb EMC and its members; (b) whether the Derivative Action should be dismissed with prejudice; and (c) whether the application by counsel for the Plaintiffs in the Derivative Action for attorneys fees and expenses should be approved ("Fairness Hearing").

This Notice is a summary only. If you are reading this, but did not receive a mailed notice please call the toll-free number below to receive a copy. You may also view and print a copy of the mailed notice, complaint, Joint Proposal and other court documents at www.carrpalmer.com.

What is This Lawsuit About?

On October 22, 2007 a derivative action was filed in the Court on behalf of Cobb EMC and its members. The complaint generally alleges causes of action against Cobb Energy Management Corporation ("Cobb Energy") and certain officers and directors of Cobb EMC and Cobb Energy for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment. The defendants deny any wrongdoing. The Court has not made a decision either way about the merits of the Derivative Action.

Are You Affected?

The Settlement of the Derivative Action will affect all individuals and entities who are or were a member of Cobb EMC prior to December 2, 2008.

What are the Terms of the Settlement?

A summary of the terms of the Settlement, if approved, include:

1. The sale and/or liquidation of all Cobb Energy subsidiaries except ProCore Solutions LLC, Cobb Energy Right of Way, LLC and the joint venture between Cobb Electric and Cobb Energy relating to the design, licensing, development and operation of certain software and related computer equipment. All proceeds from the above sale of Cobb Energy subsidiaries will be paid to Cobb EMC;
2. Cobb Energy will become a wholly-owned subsidiary of Cobb EMC, which will result in the return of all meters and employees under the corporate umbrella of Cobb EMC;
3. Termination of the remaining approximately thirty-two year term of the Operating Agreement between Cobb Energy and Cobb EMC, which will eliminate all management fees paid by Cobb EMC to Cobb Energy;
4. By June 1, 2009, Cobb EMC's Board of Directors will adopt a succession plan for Cobb EMC's CEO and President Dwight T. Brown to assure the orderly transition to a replacement CEO and President. Mr. Brown will announce his retirement from Cobb EMC on or before February 2011;
5. A proposed amendment to the by-laws will be presented for Cobb EMC member consideration and vote at the next meeting of Cobb EMC members, which will be held within sixty days from the date of the final approval of the Settlement by the Court, to allow members the right to vote for directors by mail-in ballots. Whether or not this by-law amendment is approved by Cobb EMC members, a meeting to elect Cobb EMC directors for 2008 will take place within sixty days after the meeting of the members at which the proposed by-law amendment is considered. An amendment to the by-laws may also be presented at the next meeting of the Cobb EMC members seeking to address the payment of



retirement benefits to Cobb EMC directors in the future.

6. The motions made by members at the September 4, 2008 Cobb EMC Annual Meeting have been addressed by the Cobb EMC Board of Directors or are addressed by the Settlement. More particularly:

- (i) The motion to rescind the resolution adopted by the EMC board on August 26, 2008 increasing the fee charged by Cobb Energy to Cobb EMC from 6% to 11% is addressed by Cobb Energy's restructuring in which it becomes a wholly-owned subsidiary of Cobb EMC and such fees will not be charged in the future;
- (ii) The motion to prohibit Cobb EMC officers, directors and others from having ownership interest in, or being employed with, Cobb Energy has been addressed by Cobb Energy's restructuring in which it becomes a wholly-owned subsidiary of Cobb EMC;
- (iii) The motion made to request the EMC board of directors to reassess the relationship of Cobb Energy so as to eliminate any appearance of conflicts of interest has been addressed by Cobb Energy's restructuring in which it becomes a wholly owned subsidiary of Cobb EMC;
- (iv) The motion to hold future meetings of the Cobb EMC members on Saturdays has been addressed as Cobb EMC's Board of Directors adopted a resolution to hold future meetings of members on Saturday;
- (v) The motion to have the cost benefit analysis relating to the proposed Washington County, Georgia coal-fired power generation plant made accessible to the public and the Cobb EMC membership has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring this information to be placed on Cobb EMC's website;
- (vi) The motion to have Cobb EMC distribute and separate the financials of Cobb EMC and Gas South LLC in future annual reports has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring this information to be placed on the EMC website;
- (vii) The motion that Cobb EMC director insurance, fringe benefits and all compensation be listed in future annual reports has been addressed as Cobb EMC's Board of Directors adopted a resolution requiring such information to be posted on Cobb EMC's website with a reference in future annual reports that such information can be obtained by accessing Cobb EMC's website.

7. Corporate Governance Changes

The corporate governance policies and provisions adopted by Cobb EMC's Board of Directors on September 4, 2008 will be fully implemented as soon as practicable. Cobb EMC shall maintain these corporate governance policies and provisions in effect for no less than five years. A copy of the full text of these policies and provisions can be viewed at www.carrpalmer.com

What Are My Legal Rights?

Any Cobb EMC member may appear at the Fairness Hearing to show cause why the Settlement should not be approved, why a Judgment should not be entered thereon or why the Plaintiffs' counsels application for attorneys fees and expenses should not be approved; provided, however that no such person shall be heard unless his, her or its objection, including the basis therefore, is made in writing, together with proof of being a Cobb EMC member, and is filed together with copies of all other papers in support by hand delivery or first class mail, no later than December 1, 2008 with the Court, Plaintiffs' counsel and counsel for Defendants. Please follow the instructions in the mailed notice, which can be obtained by visiting the website or calling the toll-free number listed below.

Unless otherwise ordered by the Court, any Cobb EMC member who does not make his, her or its objection or opposition in the manner provided in the full mailed notice shall be deemed to have waived all objections and opposition to the fairness, reasonableness and adequacy of the Settlement and the application by Plaintiffs' counsel for attorneys fees and reimbursement of expenses.

For more information and a detailed mail notice, call 1-888-755-1649 or (404) 442-9000, or visit www.carrpalmer.com. PLEASE DO NOT CONTACT THE COURT.