

**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