

**RESOLUTION OF THE MEMBERS OF
BEARTOOTH ELECTRIC COOPERATIVE, INC.
DATED DECEMBER 30, 2013**

As permitted by the Bylaws of Beartooth Electric Cooperative, Inc. ("Cooperative"), the Trustees of the Cooperative, hereby make and adopt the following resolution, to be effective as of December 30, 2013.

RESOLUTION

WHEREAS, the Cooperative is a Montana rural cooperative utility and subject to the Montana Rural Electric and Telephone Cooperative Act, Mont. Code Ann. § 35-18-101 *et seq.* (the "Act");

WHEREAS, the Cooperative is a member—along with Tongue River Electric Cooperative, Inc., Fergus Electric Cooperative, Inc., and Mid-Yellowstone Electric Cooperative, Inc.—of Southern Montana Electric Generation and Transmission Cooperative, Inc. ("Southern") and has a contract under which the Cooperative purchases its power requirements from Southern (the "Wholesale Power Contract");

WHEREAS, on October 21, 2011, Southern filed bankruptcy under Chapter 11 of the Bankruptcy Reform Act of 1978 (the "Act") and there is a plan, proposed by Southern's secured creditors with the largest claims, before the Court that purports (the "Noteholders' Plan"): (i) to reorganize Southern; (ii) to assume the Wholesale Power Contract and lock in the Cooperative as a member of the reorganized Southern; (iii) to establish minimum rates that Southern must charge the Cooperative for the next decade; and (iv) to provide the terms, including rates and guarantees, by which Southern will acquire power from a third party chosen by Southern's secured creditors;

WHEREAS, the Cooperative has conducted and reviewed due diligence, including seeking financial, engineering, and other expert advice and evaluating alternative suppliers, and, based upon such due diligence, determined that: (i) the costs of operating Southern are not justified by any benefit that Southern provides to the Cooperative; (ii) it is not feasible to continue to operate Southern in the current economic and regulatory environment; and (iii) Southern cannot furnish the lowest-cost, reliable power to the Cooperative to meet its duties to the Cooperative's members and patrons. Given the above, the Cooperative Board has determined that it is not in the Cooperative's or the Cooperative's members' and patrons' best interests to remain a member of Southern, either as currently constituted or as reorganized under the Noteholders' Plan; and

WHEREAS, there are also before the Court (i) a plan proposed by the members, including the Cooperative, that calls for rejection of the Wholesale Power Contract and the liquidation, winding-up, and dissolution of Southern and (ii) a motion filed by the Cooperative and Fergus Electric Cooperative, Inc., to convert Southern's case to a case under Chapter 7, which would require the liquidation of Southern;

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Cooperative does not consent to any assumption or assignment of the Wholesale Power Contract pursuant to the Noteholders' Plan;

IT IS FURTHER RESOLVED, that the Cooperative does not consent to any guarantee of any contract between Southern and any supplier to Southern; and

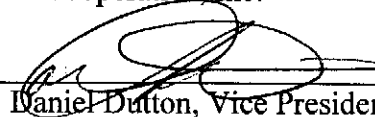
IT IS FURTHER RESOLVED, that the Cooperative does not support the reorganization Southern and expressly requests that the Southern board liquidate Southern's assets and wind-up and dissolve Southern in the most expeditious and efficient manner allowed under the law.

DATED: December 30, 2013.

Trustees of Beartooth Electric Cooperative, Inc.



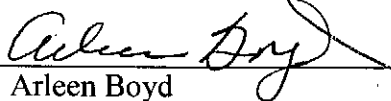
Roxy Melton, President



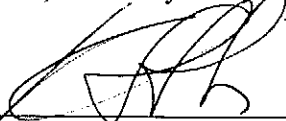
Daniel Dalton, Vice President



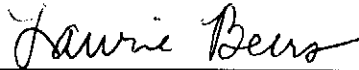
Pat Hoffman, Secretary/Treasurer



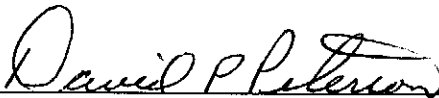
Arleen Boyd



Dick Nolan



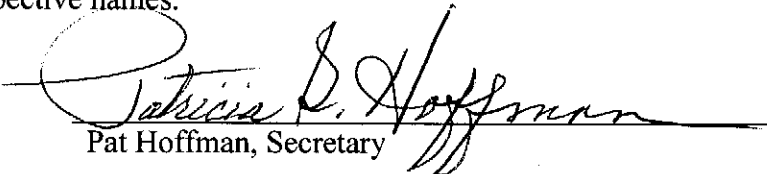
Laurie Beers



David Peterson

CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution regularly presented to and at a meeting of the Cooperative's Board of Trustees duly called and held at on the 30th day of December 2013 at which a quorum was present and voted; that the forgoing resolution was approved by unanimous vote of the Trustees; that such resolution is duly recorded in the minute book of the Cooperative; and that the Trustees named in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective Trustees and offices set after their respective names.



Pat Hoffman, Secretary