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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MONTANA**

In Re: ) Case No. 11-62031-RBK  
)  
SOUTHERN MONTANA ELECTRIC )  
GENERATION and TRANSMISSION )  
COOPERATIVE, INC. )  
)  
Debtor. )  
)

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**MEMBER COOPERATIVES' PLAN OF LIQUIDATION OF SOUTHERN MONTANA  
ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC.**

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Beartooth Electric Cooperative, Inc., Fergus Electric Cooperative, Inc., Mid-Yellowstone Electric Cooperative, Inc. and Tongue River Electric Cooperative, Inc., each a member cooperative in Southern Montana Electric Generation and Transmission Cooperative, Inc., the Debtor, hereby submit the following Plan of Reorganization for the resolution of the outstanding claims and interests in the Debtor.

**ARTICLE I  
DEFINITIONS AND INTERPRETATION**

As used in this Plan, the following terms have the respective meanings specified below, unless the context otherwise requires:

**1.1 Administrative Expense Claim** means any right to payment constituting a cost or expense of administration of the Estate under sections 503(b), 507(b), or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) any actual and necessary expenses of preserving the Estate; (b) any actual and necessary expenses of operating the business of the Debtor; (c) all Professional Fee Claims to the extent Allowed by the Bankruptcy Court under sections 330 or 503(b) of the Bankruptcy

Code; and (d) any fees and charges assessed against the Estate under section 1930 of chapter 123 of title 28 of the United States Code.

**1.2 Affiliate** has the meaning set forth in section 101(2) of the Bankruptcy Code.

**1.3 All-Requirements Contracts** means the long-term wholesale power contracts between the Debtor and the Members entered into in 2007, as described in Exhibit B to the Plan.

**1.4 Allowed** means a Claim, or any portion thereof: (a) that has been listed in the Schedules as liquidated in amount and not disputed or contingent and for which no proof of claim has been filed; (b) that is deemed allowed under the Plan; (c) that is not Disputed; (d) proof of which has been timely filed with the Bankruptcy Court and as to which the period of time in which to file objections as fixed by the Bankruptcy Code, the Bankruptcy Rules, the Plan, or an order of the Bankruptcy Court, has expired with no such objection having been filed; (e) that is compromised, settled, or otherwise resolved pursuant to a Final Order of the Bankruptcy Court; or (f) that, if Disputed, has been Allowed by Final Order; provided, however, that Claims allowed solely for the purpose of voting to accept or reject this Plan pursuant to an order of the Bankruptcy Court shall not be considered "**Allowed Claims**" hereunder.

**1.5 Avoidance Actions** means the Debtor's or the Trustee's interest in any and all claims, rights, and causes of action which have been or may be commenced by or on behalf of the Debtor, the Trustee, the Members or the Committee to avoid, set aside, or recover any payments or transfers of property determined to be preferential, fraudulent, or otherwise avoidable pursuant to sections 502(d), 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code, or under any other applicable law, or otherwise subject to equitable subordination under section 510 of the Bankruptcy Code, regardless of whether or not such actions have been commenced prior to the Effective Date. Avoidance Actions shall also include any actions for disgorgement of any kind of payments made during the pendency of this bankruptcy.

**1.6 Ballot** means the form distributed to each holder of an impaired Claim entitled to vote on the Plan on which is to be indicated, among other things, acceptance or rejection of the Plan.

**1.7 Bankruptcy Code** means Title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Case.

**1.8 Bankruptcy Court** means the United States Bankruptcy Court for the District of Montana.

**1.9 Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court, and any Local Rules of the Bankruptcy Court.

**1.10 Beartooth Litigation** means the adversary proceeding commenced by Beartooth on April 13, 2012, pending in the Bankruptcy Court and bearing Adv. No. 12-00017 (Doc. 374).

**1.11 Business Day** means any day other than a Saturday, a Sunday, or a legal holiday, as defined in Rule 9006(a) of the Bankruptcy Rules.

**1.12 Cash** means legal tender of the United States of America.

**1.13 Causes of Action** means, without limitation, any and all actions, causes of action, Avoidance Actions, controversies, liabilities, obligations, rights, suits, damages, judgments, Claims, and demands whatsoever, whether known or unknown, reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Case, including through the Effective Date.

**1.14 CFC** means National Rural Utilities Corporation Finance Corporation.

**1.15 CFC Loan** means the CFC revolving line of credit agreement with the Debtor dated June 2011, loan # MTO43-R-5100 in the original principal amount of \$5,000,000, and which obligation is guaranteed by Fergus, Mid-Yellowstone, and Tongue River up to the percentage formula set forth for each Member in their respective Limited Member Reimbursement Agreement.

**1.16 CFC Loan Collateral** means the Cash deposit in the original amount of \$1,003,500, held by CFC to secure the CFC Loan.

**1.17 Chapter 11 Case** means the voluntary case commenced by the Debtor under chapter 11 of the Bankruptcy Code, currently pending before the Bankruptcy Court as Case No. 11-62031 (RBK).

**1.18 Claim** shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

**1.19 Class** means a category of holders of Claims or Member Interests as set forth in Article III of this Plan.

**1.20 Collateral Agency Agreement** means that certain Collateral Agency Agreement dated February 26, 2010, as the same may have been amended, supplemented, or modified from time to time, among the Debtor, any guarantors, any party thereto, and the Indenture Trustee.

**1.21 Committee** means the Unsecured Creditors' Committee appointed in the Bankruptcy Case on November 28, 2011 [Docket 111], as may be reconstituted from time to time.

**1.22 Confirmation Date** means the date upon which the Bankruptcy Court enters the Confirmation Order.

**1.23 Confirmation Hearing** means the hearing held by the Bankruptcy Court to consider confirmation of this Plan pursuant to section 1128 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

**1.24 Confirmation Order** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

**1.25 Construction Liens** means all valid, existing, properly perfected, and enforceable construction liens against the Debtor's property, if any, under and in accordance with applicable law.

**1.26 Construction Lien Claims** means the Allowed Secured Claims, if any, of creditors that hold Construction Liens.

**1.27 Convenience Claim** means a Claim that would otherwise be a General Unsecured Claim, but instead is a “Convenience Claim” because such Claim is (a) Allowed in an amount equal to or less than \$5,000; or (b) Allowed in an amount greater than \$5,000 but is reduced to \$5,000 by an irrevocable written election by the holder of such Allowed Claim on the timely submitted Ballot.

**1.28 Cooperative Litigation** means the adversary proceeding commenced by the Members against Debtor on September 23, 2013, pending in the Bankruptcy Court and bearing Adv. No. 13-00036 (Doc. 1053).

**1.29 Cure** means the payment of Cash or the distribution of other property as necessary to (a) cure a monetary default by the Debtor in accordance with the terms of an executory contract or unexpired lease of the Debtor; and (b) permit the assumption of such executory contract or unexpired lease or the assumption and assignment of such executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

**1.30 Debtor** means Southern Montana Electric Generation and Transmission Cooperative, Inc., including Southern Montana Electric Generation and Transmission Cooperative, Inc., as existing under this Plan on and after the Effective Date for purposes of liquidation.

**1.31 DIP Order** means the Final Order (I) Authorizing Use of Cash Collateral Pursuant to Section 363 of the Bankruptcy Code and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 105, 361, 362, 363 and 507 of the Bankruptcy Code, entered by the Bankruptcy Court in the Bankruptcy Case on May 1, 2012, as amended, extended, or otherwise supplemented by orders of the Bankruptcy Court.

**1.32 Disclosure Statement** means the disclosure statement relating to this Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

**1.33 Disclosure Statement Order** means the order of the Bankruptcy Court approving the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code.

**1.34 Disputed** means, with reference to any Claim, (a) any Claim proof of which was timely and properly filed that is disputed under this Plan or as to which the Trustee or the Debtor through the Liquidating Trustee has interposed or interposes an objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, which objection and/or request for estimation has not been withdrawn or determined by a Final Order; (b) any Claim, proof of which was required to be filed by a Final Order of the Bankruptcy Court in a form and manner prescribed in such Final Order, but as to which a proof of claim was not timely or properly filed; or (c) any Claim to the extent it has not become an Allowed Claim.

**1.35 Effective Date** means the first Business Day on which the conditions to effectiveness of this Plan set forth in Article IX have been satisfied and on which this Plan shall become effective.

**1.36 Encumbered Cash** means Cash that has been accumulated by the Debtor during the period of administration but has not yet been disbursed by the Trustee which is subject to a Lien pursuant to an Allowed Secured Claim. See also “Unencumbered Cash” defined below.

**1.37 Estate** means the estate of the Debtor created pursuant to section 541 of the Bankruptcy Code.

**1.38 Final Order** means an order of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been determined by the been denied and the time to take any further appeal, petition for certiorari, or move for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or applicable law, may be filed with respect to such order shall not cause such order not to be a Final Order.

**1.39 First Interstate Bank Secured Loan** means the secured promissory note of Debtor in favor of First Interstate Bank dated August 30, 2011, loan #2230015295, in the original principal amount of \$600,000.

**1.40 First Interstate Bank Secured Loan Collateral** means that certain Mortgage dated September 9, 2011, recorded in Cascade County, Montana, as document No. R0239406 MG, against real property commonly known as 776 Acres of Land, Great Falls, Montana.

**1.41 First Interstate Bank Unsecured Loan** means the unsecured line of credit agreement with the Debtor dated March 17, 2011, loan # 2230015070 in the original principal amount of \$1,250,000, and which obligation is guaranteed by the Members pursuant to each Member's Commercial Guaranty given to First Interstate Bank

**1.42 General Unsecured Claim** means any Claim that (a) is not an Administrative Expense Claim, a Professional Fee Claim, a Priority Tax Claim, a Priority Non-Tax Claim, a Secured Claim, or a Convenience Claim; or (b) is otherwise determined by the Bankruptcy Court to be a General Unsecured Claim. General Unsecured Claims do not include Claims that arise under executory contracts and unexpired leases that are assumed or assumed and assigned under the Plan. <sup>1</sup>

**1.43 HGS** means the Highwood Generating Station owned by the Debtor, a natural-gas 40 MW combustion turbine electric generating facility located at a site east of Great Falls, Montana on about 197 acres.

**1.44 Indenture** means the Indenture of Mortgage, Security Agreement and Financing Statement dated as of February 26, 2010, as amended, restated, supplemented or otherwise modified from time to time, among Debtor as grantor, U.S. Bank National Association as trustee (the "**Indenture Trustee**"), Bank of New York Mellon Trust Company, N.A. as initial collateral agent, and any guarantors thereto from time to time.

**1.45 Lien** shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

**1.46 Liquidating Agent** means the fiduciary for the Estate selected by the Debtor and the Members, and appointed pursuant to the Confirmation Order or such party's successor as approved by

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<sup>1</sup> Claims arising out of executory contracts or unexpired leases that are being assumed and assigned hereunder, as set forth on "**Exhibit A**" to this Plan, are not considered General Unsecured Claims; rather those claims will be paid in full as "Cure" costs pursuant Article VIII of the Plan.

the Court in the capacity to process, negotiate and object to Claims, make distributions of money or property, and take other actions as provided under this Plan.

**1.47 Liquidating Agent Expenses** means expenses reasonably incurred by the Liquidating Agent after the Effective Date in managing the liquidation of the Debtor and the Estate, operations during the Transition Period, and making the distributions under the Plan on behalf of the Debtor.

**1.48 Liquidation Operating Fund** means the fund established by the Debtor, through the Liquidating Agent, for payment of the Debtor's and the Liquidating Agent's operational expenses and professional fees and expenses incurred during the Liquidation Period. The Liquidation Operating Fund shall be funded with the Unencumbered Cash, the NorthWestern Energy Deposit, and with Debtor's net income generated from sale of electric power to the Members during the Transition Period.

**1.49 Liquidation Period** means the time period from the Effective Date until completion of liquidation of the Debtor under the Plan.

**1.50 Members** means the following members of the Debtor: Beartooth Electric Cooperative, Inc. ("**Beartooth**"), Fergus Electric Cooperative, Inc. ("**Fergus**"), Mid-Yellowstone Electric Cooperative, Inc. ("**Mid-Yellowstone**"), and Tongue River Electric Cooperative, Inc. ("**Tongue River**").

**1.51 Member Claims** means the Claims of the Members for any amount owed to a Member based upon its patronage capital as calculated, determined, and provided for in the Debtor's Bylaws.

**1.52 Member Interests** means the Members' membership interests in the Debtor, as evidenced by Membership Certificates issued by the Debtor to the Members pursuant to the Debtor's Bylaws.

**1.53 Membership Certificates** means, as to any Member, the certificate described in and issued pursuant to the Debtor's Bylaws, which evidences that Member's membership in the Debtor.

**1.54 Noteholders** means, collectively, the holders of the Series 2010A Notes and the Series 2010B Note.

**1.55 NorthWestern Energy Deposit** means the NorthWestern Energy deposit in the amount of \$1,250,000, made in accordance with that certain Stipulation between the Trustee and NorthWestern Energy dated April 13, 2012 (Doc. 376) and approved by the Bankruptcy Court by Order dated April 16, 2012 (Doc. 379).

**1.56 Notes** means, collectively, the Series 2010A Notes and the Series 2010B Note.

**1.57 Petition Date** means October 21, 2011.

**1.58 Plan** means this plan of liquidation, including, without limitation, all exhibits, supplements, appendices, and schedules hereto, either in its present form or as the same may be altered, amended, or modified from time to time.

**1.59 Priority Non-Tax Claim** means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment under section 507(a) of the Bankruptcy Code.

**1.60 Priority Tax Claim** means any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

**1.61 Professional Fee Claim** means a Claim for an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 330, 331, and 503(b) of the Bankruptcy Code.

**1.62 Pro Rata** means proportionately so that the ratio of the amount of a particular Allowed Claim to the total amount of the Allowed Claims of the Class in which the particular Claim is included is the same as the ratio of the amount of consideration distributed on account of such particular Allowed Claim to the consideration distributed on account of all Allowed Claims of the Class in which the particular Claim is included. For the purposes of any interim distributions as may be allowed by the Bankruptcy Court, Disputed Claims shall be included in the total amount of Claims within the Class for the purpose of calculating the amount of the interim distribution which can be made to Allowed Claims.

**1.63 Schedules** means the schedules of assets and liabilities and the statements of financial affairs required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007 filed by the Debtor or the Trustee, including any supplements or amendments thereto through the Confirmation Date.

**1.64 Secured Claim** means an Allowed Claim secured by a Lien on property of the Debtor's Estate, or that is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value (determined in accordance with section 506(a) or section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3012), of the interest of the holder of such Allowed Claim in the Debtor's or the Estate's interest in such property, or to the extent of the amount subject to such setoff, as the case may be.

**1.65 Series 2010A Notes** means the three 8% Senior First Mortgage Notes, Series 2010A, each dated February 26, 2010, and due February 26, 2040, given by the Debtor to the following entities, in the indicated original principal amounts: (a) Prudential Insurance Company of America ("**Prudential**") - \$64,450,000; (b) Universal Prudential Arizona Reinsurance Company ("**Universal Prudential**") - \$5,550,000; and (c) Prudential Investment Management, Inc., as successor in interest to Forethought Life Insurance Company ("**Prudential Investment**") - \$5,000,000; in the aggregate principal amount of \$75,000,000. Prudential, Universal Prudential and Prudential Investment are collectively referred to as "**Prudential**."

**1.66 Series 2010B Note** means the 7.25% Senior First Mortgage Note, Series 2010B, dated February 26, 2010, and due February 25, 2026, given by the Debtor to Modern Woodmen of America ("**Modern Woodmen**"), in the original principal amount of \$10,000,000.

**1.67 SME** means SME Electric Generation and Transmission Cooperative, Inc.

**1.68 Southern** means the Debtor.

**1.69 Trustee** means Lee A. Freeman, the duly-appointed chapter 11 trustee in the Chapter 11 Case, or any successor trustee appointed by the Bankruptcy Court.



**1.70 Unencumbered Cash** means Cash, , that is not subject to a Lien of any Secured Claim as of the Effective Date and that is available after payment of, or accounting for, higher priority payments required to be made on the Effective Date or thereafter under this Plan, including, without limitation, Administrative Expense Claims, Professional Fee Claims, Priority and Non-Priority Tax Claims, and fees due the United States Trustee.

**1.71 Voting Deadline** means the date(s) established by the Bankruptcy Court and set forth in the Disclosure Statement Order or other order of the Bankruptcy Court for the submission of Ballots pursuant to the terms of the Plan.

**1.72 WAPA Contracts** means the contracts and amendments between Debtor and other parties and the Western Area Power Administration (United States of America, Department of Energy) as described on Exhibit A.

**1.73 Yellowstone Valley Settlement** means the Settlement and Release entered into between the Debtor and Yellowstone Valley Electric Cooperative, Inc. (“**Yellowstone Valley**”), dated January 16, 2013, and approved by the Bankruptcy Court by order dated April 5, 2013 (Doc. 784).

Words and terms defined in section 101 of the Bankruptcy Code shall have the same meanings when used in the Plan, unless a different definition is given in the Plan. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. Unless the context requires otherwise, any capitalized term used herein that is not defined herein, but that is defined in the Bankruptcy Code or Bankruptcy Rules, shall have the meaning set forth therein. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of this Plan.

In computing any period of time proscribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a), and any applicable Local Rule regarding the same, shall apply.

## **ARTICLE II TREATMENT OF UNCLASSIFIED CLAIMS**

As provided by section 1123(a)(1) of the Bankruptcy Code, the following Claims are not classified under the Plan, and shall instead be treated separately as unclassified Claims on the terms set forth below. Such Claims are unimpaired under the Plan.

**2.1 Administrative Expense Claims.** Except to the extent that any holder agrees to a different, less favorable treatment, the holder of an Allowed Administrative Expense Claim that has not been paid, shall receive on account of such Claim, Cash in the amount of such Allowed Administrative Expense Claim on the later of the Effective Date or the date such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business, consistent with past practice, by the Estate or Debtor shall be paid in full and performed by the Estate or Debtor, through the Liquidating Agent, in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

**2.1.1 Administrative Expense Claims Bar Date.** All requests for the allowance and payment of an Administrative Expense Claim must be filed with the Bankruptcy Court and served

upon the Debtor, the Liquidating Agent and other parties-in-interest, in accordance with the Bankruptcy Code and the Bankruptcy Rules, no later than the first Business Day that is 30 days after the Effective Date or such other date as approved by order of the Bankruptcy Court. **Failure to file and serve such an allowance and payment request timely and properly shall result in the Administrative Expense Claim being forever barred and discharged.**

**2.1.2 Administrative Expense Claims for Goods, Materials and Services Incurred in the Ordinary Course of Business.** Administrative Expense Claims based on liabilities incurred by the Debtor after the Petition Date for goods, materials and services delivered, obtained or received in the ordinary course of business, that first become due and payable within sixty (60) days prior to the Confirmation Date will be paid by the Estate or Debtor through the Liquidating Agent, pursuant to the terms and conditions of the particular transaction giving rise to such Administrative Expense Claims and, unless the Bankruptcy Court orders otherwise, holders of Administrative Expense Claims based on liabilities incurred by the Debtor for goods, materials and services delivered, obtained or received in the ordinary course of business are not required to file or serve a request for payment of such Claim, and will not be subject to the Administrative Expense Claims Bar Date provided in section 2.1.1 of this Plan.

**2.2 Professional Fee Claims.** Notwithstanding paragraph 2.1 of the Plan, the following Claims, even if Administrative Expense Claims, shall be treated as follows:

Any entity seeking an award by the Bankruptcy Court of a Professional Fee Claim shall (a) file its final application for allowance of such Claim by no later than the date that is 30 days after the Effective Date or such other date as may be fixed by the Bankruptcy Court; and (b) to the extent such entity has not already been paid in full on account of such Claim, be paid in full and in Cash in the amounts Allowed upon the date the order granting such award becomes a Final Order. Debtor, through the Liquidating Agent, is authorized to pay compensation for professional services rendered and reimburse expenses incurred after the Effective Date in the ordinary course and without Bankruptcy Court approval, including compensation for professional services rendered and expenses incurred by the Liquidating Agent and professionals employed by the Debtor and the Liquidating Agent.

**2.3 Priority Tax Claims.** Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Estate prior to the Effective Date or agrees to less favorable treatment, each holder of an Allowed Priority Tax Claim shall receive at the sole option of Debtor, (a) Cash in an amount equal to such Allowed Priority Tax Claim on the later of the Effective Date or the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable.

**2.4 Fees Due the United States Trustee.** To the extent that any fees are due to the United States Trustee pursuant to 28 U.S.C. § 1930 on the Effective Date, such fees shall be paid to the United States Trustee in full, in Cash, within thirty (30) days after the Effective Date of the Plan. Any fees which become due to the United States Trustee following the Effective Date shall be paid when such fees are due and payable. Debtor, through the Liquidating Agent, shall comply with its obligation to file post-confirmation reports with the United States Trustee following the Effective Date of the Plan.

**2.5 Real Property Taxes.** Any real property taxes which are Allowed Administrative Expense Claims pursuant to section 503(b)(1)(B)(i) of the Bankruptcy Code shall either be paid when last due without penalty under applicable state law from Encumbered Cash; or, if the holder of such Claim consents, the holder shall retain any Lien afforded under applicable state law and the legal, equitable, and contractual rights of such holder shall be left unaltered by this Plan. The holder's vote in

favor of this Plan or its failure to object to confirmation of the Plan shall be deemed to be such a consent.

### ARTICLE III DESIGNATION OF CLASSES

Claims and Member Interests are classified for all purposes, including voting, confirmation and distribution pursuant to this Plan, as provided below. If a controversy arises as to whether any Claim or Member Interest, or any class of Claims or Member Interests, is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy.

Class Description	Impairment	Entitled to Vote
Class 1: Priority Non-Tax Claims	Unimpaired	No
Class 2: Prudential and Modern Woodmen	Impaired	Yes
Class 3: First Interstate Loans	Impaired	Yes
Class 4: CFC	Impaired	Yes.
Class 5: Construction Lien Claims	Impaired	Yes
Class 6: General Unsecured Claims	Impaired	Yes
Class 7: Convenience Claims	Impaired	Yes
Class 8: Member Claims	Impaired	Yes
Class 9: Member Interests	Impaired	Yes

### ARTICLE IV TREATMENT OF CLASSES

**4.1 Class 1 - Priority Non-Tax Claims.** Except to the extent that the holder of an Allowed Priority Non-Tax Claim agrees to less favorable treatment or has been paid on account of such Claim prior to the Effective Date, on the later of the Effective Date or the date such Priority Non-Tax Claim becomes Allowed, or as soon thereafter as is practicable, each holder, if any, shall be paid in Cash in an amount equal to the Allowed amount of such Priority Non-Tax Claim.

#### **4.2 Class 2 – Prudential and Modern Woodmen**

**a.** The Prudential Claim, evidenced by the Series 2010(A) Notes, and the Modern Woodmen Claim, evidenced by the Series 2010(B) Note, shall be Allowed as Secured Claims in an aggregate principal amount equal to the value of the Noteholders' collateral, consisting of HGS (which the Noteholders have valued at \$16,500,000), Encumbered Cash held by the Estate on the Effective Date, and the assets described on Exhibits A and B to Schedule 1 of the Indenture, but excluding as collateral the All-Requirements Contracts, the WAPA Contracts, Unencumbered Cash, and the property or interests described as Excepted Property or Excludable Property in the Indenture. Any alleged pledge of the All-Requirements Contracts shall be terminated by rejection and termination of the All-Requirements Contracts as provided under Articles 5.10 and 8.2 of this Plan. The Prudential Allowed Secured Claim and the Modern Woodmen Allowed Secured Claim shall include and subsume any Claim of the Noteholders or the Indenture Trustee in this case.

**b.** The Prudential Allowed Secured Claim and the Modern Woodmen Allowed Secured Claim shall not bear interest.

**c.** The Prudential Allowed Secured Claim and the Modern Woodmen Secured Claim shall be paid and satisfied in full by the Debtor surrendering HGS and the other collateral described in Article IV 4.2.a. to Prudential and Modern Woodmen on the Effective Date, subject however to: (i) prior settlements entered into in this case; (ii) resolution of any disputes as to whether cash is Encumbered Cash or Unencumbered Cash; (iii) any Avoidance Actions; and (iv) any and all prior liens or mortgages, including without limitation the Property Tax Claims and the Construction Lien Claims.

**d.** The balance of any Claims of Prudential, Modern Woodmen, Noteholders or the Indenture Trustee in excess of the amount of the Prudential Allowed Secured Claim and the Modern Woodmen Allowed Secured Claim (collectively the "Noteholders' Unsecured Claim") shall be General Unsecured Claims in amounts to be determined after resolution of any claims objection and any Avoidance Actions, and shall be treated in accordance with Class 6 of the Plan. Prudential, Modern Woodmen, Noteholders or the Indenture Trustee shall file the Noteholders' Unsecured Claim within 30 days of the Effective Date.

#### **4.3 Class 3 - First Interstate Bank Loans**

**a.** The First Interstate Bank Secured Loan Claim shall be Allowed in the amount of the First Interstate Bank Secured Loan outstanding as of the Petition Date. The First Interstate Bank Secured Loan Collateral consists of real property owned by Debtor and real property owned by SME. SME has pledged its interest in its separately owned real property to First Interstate Bank to secure the First Interstate Bank Secured Loan.

**b.** First Interstate Bank shall be granted relief from stay with respect to the First Interstate Bank Secured Loan Collateral to exercise all of its state law rights and remedies against the First Interstate Bank Secured Loan Collateral. Debtor shall make no further payment on the First Interstate Bank Secured Loan Claim. In foreclosure, the real property owned by Debtor shall be sold first and net proceeds of sale applied first to satisfy the First Interstate Bank Secured Loan Claim. In the event there are surplus proceeds after sale, First Interstate shall deliver such excess proceeds to the Debtor, through the Liquidating Agent, to apply as additional payment to Allowed General Unsecured Claims under Class 6 of the Plan.

In the event of a deficiency remaining after application of proceeds of sale of Debtor's real property, the real property owned by SME shall be sold and net proceeds of sale applied to satisfy any deficiency owed on the First Interstate Bank Secured Loan Claim. In the event of a deficiency remaining after application of proceeds of sale of SME's real property, the balance of the First Interstate Secured Loan Claim shall be a General Unsecured Claim and shall be treated and paid in accordance with Class 6 of the Plan. In the event there are surplus proceeds after sale of the SME real property, the surplus shall be delivered to SME.

c. The First Interstate Bank Unsecured Loan shall be treated in accordance with Class 6 of the Plan. First Interstate Bank shall be entitled to exercise any applicable non-bankruptcy remedies in collection of the First Interstate Bank Unsecured Loan or any deficiency owed following completion of the sale procedures set forth in Article 4.3 b above.

#### **4.4 Class 4 - CFC**

a. The CFC Claim, evidenced by the CFC Loan, shall be Allowed in the amount of the CFC Loan outstanding as of the Petition Date. CFC shall be Allowed a Secured Claim in the amount of the value of the CFC Loan Collateral.

b. CFC shall be granted relief from stay with respect to the CFC Loan Collateral, and the amount of the CFC Loan Collateral shall be applied in full to payment of the Allowed Secured Claim of CFC. Debtor shall make no further payment of the Allowed Secured Claim of CFC.

c. The balance of the CFC Allowed Claim shall be an Allowed General Unsecured Claim and treated in accordance with Class 6 of the Plan. CFC shall be entitled to exercise any applicable non-bankruptcy remedies in collection of the balance of the CFC Claim.

d. The CFC Loan and any other document evidencing or relating thereto shall be deemed amended as of the Confirmation Date to be consistent with this Plan and may be amended, restated, or replaced under the Plan, as appropriate.

e. Any provisions of such documents which are inconsistent or in conflict with the Plan shall be superseded by the Plan and of no further force and effect.

#### **4.5 Class 5 - Construction Lien Claims**

a. Construction Lien Claims shall be Allowed as Secured Claims in the full amount owed and outstanding as of the Petition Date, unless otherwise determined by the Bankruptcy Court, including statutory interest and attorneys' fees.

b. The Construction Lien Claim holders shall be granted relief from stay with respect to the Allowed Construction Lien Claims to exercise all of their state law rights and remedies against HGS. The Construction Lien Claim Holders shall retain their Liens under this Plan which secure their Allowed Construction Lien Claims against HGS and any proceeds of sale of HGS following surrender of HGS to Prudential and Modern Woodmen pursuant to this Plan. In the event of a deficiency remaining after foreclosure,

the balance of the Construction Lien Claims shall be General Unsecured Claims and shall be treated and paid in accordance with Class 6 of the Plan.

**c.** Any document evidencing or relating to the Construction Lien Claims shall be deemed amended as of the Confirmation Date to be consistent with this Plan and may be amended, restated, or replaced under the Plan, as appropriate.

**d.** Any provisions of such documents which are inconsistent or in conflict with the Plan shall be superseded by the Plan and of no further force and effect.

#### **4.6 Class 6 - General Unsecured Claims**

**a.** Except to the extent that the holder of an Allowed General Unsecured Claim agrees to less favorable treatment or has been paid on account of such General Unsecured Claim prior to the Effective Date, each holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of the remaining surplus of Unencumbered Cash and the Liquidation Operating Fund upon completion of the Liquidation Period. On the Effective Date, the Members shall waive and release any General Unsecured Claims against the Debtor and shall receive nothing for their General Unsecured Claims from liquidation of the Debtor.

**b.** The Unencumbered Cash available to pay Allowed General Unsecured Claims in accordance with the Plan shall include any Cash proceeds received by the Estate, the Trustee or the Debtor from the Yellowstone Valley Settlement and the NorthWestern Energy Deposit.

**c.** On the Effective Date, Debtor shall assign to the Committee any and all right, title and interest in and to the Avoidance Actions, including without limitation all proceeds of the Avoidance Actions. The Cash available to pay Allowed General Unsecured Claims in accordance with the Plan shall include any Cash proceeds received by the Committee. On the Effective Date, Debtor shall assign the Central Montana patronage allocation to the General Unsecured Creditors to the extent assignable; provided that if the Central Montana patronage allocation is not assignable, it shall be retained by the Members.

**d.** Distribution of the Pro Rata payment to the Allowed General Unsecured Claims shall be made as follows: (i) the Unencumbered Cash and the balance of the Liquidation Operating Fund, remaining upon completion of the Liquidation Period; and (ii) or at any time after the Effective Date regarding any Unencumbered Cash proceeds received by the Unsecured Creditors Committee pursuant to any Avoidance Action. The Committee shall be responsible for distribution of any net proceeds received from any Avoidance Action.

#### **4.7 Class 7 - Convenience Claims**

**a.** Except to the extent that the holder of an Allowed Convenience Claim agrees to less favorable treatment or has been paid on account of such Claim prior to the Effective Date, each holder, if any, of an Allowed Convenience Claim shall receive Cash in an amount equal to 50% of such Allowed Convenience Claim on the later of the Effective Date or the date such Claim becomes an Allowed Convenience Claim, or as soon thereafter as is practicable.

**b.** Each holder of a Claim Allowed in an amount greater than \$5,000, which Claim would otherwise be a General Unsecured Claim, may elect to voluntarily reduce such

Claim to \$5,000 and be treated as the holder of an Allowed Convenience Claim for purposes of this Plan, and by so electing shall be deemed to have waived any right to participate in any distribution to any Class other than Class 7 as to any Claims it may have. Such election must be made on the Ballot and be received by the Debtor, through the Liquidating Agent on or prior to the Voting Deadline. Any election made after the Voting Deadline shall not be binding or effective.

**4.8 Class 8 - Member Claims.** On the Effective Date, the Members shall waive and release any Member Claims against the Debtor and shall receive nothing for their Member Claims from liquidation of the Debtor.

**4.9 Class 9 - Member Interests.** Upon liquidation of all of the assets of the Debtor, the Members shall waive, release, surrender and disclaim their Member Interests and Member Certificates in Debtor and shall receive nothing for their Member Interests from liquidation of the Debtor.

## **ARTICLE V EXECUTION AND IMPLEMENTATION OF PLAN**

**5.1 Liquidation and Cessation of Operations.** On the Effective Date, the appointment of the Chapter 11 Trustee shall terminate and the Debtor shall be restored to possession for the sole purpose of winding up the affairs of the Debtor; execution of agreements and documents provided for by the Plan; surrender, distribution, assignment and liquidation of the Debtor's assets; and dissolving the Debtor pursuant to this Plan. Debtor shall only continue its business and operations to the extent necessary to complete the liquidation and to implement this Plan. The Members shall continue to be the members of Debtor subject to and in accordance with the terms and conditions of this Plan for the purpose of completing the liquidation of the Debtor. The only Members of Debtor as of the Effective Date shall be the Members.

**5.2 Management and Liquidating Agent.** The Liquidating Agent will manage the liquidation of the Debtor and the Estate operations during the Transition Period, and shall make the distributions under the Plan on behalf of the Debtor. Debtor, through the Liquidating Agent shall litigate to judgment, settle or withdraw objections to Claims. The Liquidating Agent may employ such agents and/or professionals as the Liquidating Agent deems necessary to administer the Plan and make the distributions under the Plan. The Liquidating Agent shall serve without bond. The Liquidating Agent shall have authority to manage liquidation and carry out the terms of this Plan, provided, however, that the Liquidating Agent shall report on the status of the administration of the Plan and the liquidation of the Debtor to the Debtor's Board of Trustees and, in the event of a disagreement regarding the course of action to be taken by the Liquidating Agent in managing the liquidation or making distributions, the Board of Trustees by affirmative supermajority vote of 75% of the Trustees may direct the course of action of the Liquidating Agent as to such matter. The Liquidating Agent shall have the status of a party-in-interest and may participate in any proceedings before the Bankruptcy Court relating to the liquidation or administration of the Debtor. James Winchell, a certified public accountant in Billings, Montana has been selected by the Members to act as Liquidating Agent.

**5.3 Liquidating Agent Fees and Expenses.** The Liquidating Agent may pay the Liquidating Agent Expenses, and the salaries, fees and expenses of professionals employed by the Liquidating Agent, as set aside in the Liquidation Operating Fund, without necessity of application to the Bankruptcy Court or Bankruptcy Court approval.

**5.4 Implementation.** Debtor, through the Liquidating Agent, shall be authorized and directed to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of the Plan, including the liquidation of the Debtor. The Plan shall be implemented through surrender, distribution, assignment and liquidation of the property of the Estate as provided in Article IV of the Plan. Any tangible personal property assets of the Debtor that are not subject to Liens shall either be distributed or liquidated by the Debtor, through the Liquidating Agent and the net proceeds shall be paid and distributed to Allowed General Unsecured Claims under Class 6 of the Plan.

**5.5 Transition Period for Power Purchases.** On the Effective Date, Debtor shall determine a period of time, not to exceed 90 days, to contract for wholesale purchase of electrical power (“**Transition Period**”). During the Transition Period the Debtor shall supply all of the Members’ electric power supply requirements and the Members shall purchase all of their electric power requirements from Debtor. During the Transition Period, the Members shall make and finalize arrangements to purchase their electric power needs from a source or sources other than Debtor as determined by each Member in its sole discretion. Debtor shall cease purchasing electric power and selling wholesale power to the Members at the end of the Transition Period.

**5.6 Assignment of WAPA Contracts.** The WAPA Contracts shall be assigned to the Members, free and clear of any liens and encumbrances, effective on the last day of the Transition Period. Subject to approval of WAPA, the WAPA Contract power shall be allocated among the participating Members, Fergus, Mid-Yellowstone and Tongue River, according to agreement between the participating Members.

**5.7 Liquidation Operating Fund.** If not previously terminated, the DIP Order shall terminate on the Effective Date. Debtor, through the Liquidating Agent, shall establish the Liquidation Operating Fund for payment of the Debtor’s and the Liquidating Agent’s operational expenses and professional fees and expenses incurred during the Liquidation Period. The balance of Liquidation Operating Fund remaining after Liquidation of Debtor shall be paid and distributed to Allowed General Unsecured Claims under Class 6 of the Plan.

**5.8. Corporate Governance and Board of Trustees.** Upon the Effective Date, the Debtor’s Articles of Incorporation and Bylaws and any related corporate governance agreements (“**Corporate Governance Agreements**”) shall remain unchanged except as may be required to accomplish the provisions of this Plan. Debtor shall continue to exist after the Effective Date, with all the powers available to such legal entity, in accordance with applicable law, this Plan and pursuant to its Corporate Governance Agreements, only for such time as necessary to liquidate the Debtor in accordance with this Plan and to dissolve the Debtor under Montana law as deemed advisable by its advisors. On the Effective Date, the Board of Trustees of Debtor shall be comprised of the individuals who currently hold such positions on behalf of the Members, specifically, Arleen Boyd, David Dover, DeeDee Isaacs, and Jim DeCock. In addition, each Member shall elect or appoint one additional individual to serve on the Board of Trustees of Debtor on behalf of each Member.

**5.9 Operational Personnel during Transition Period.** Upon the occurrence of the Effective Date, Debtor’s office administration and power scheduling will be conducted by substantially the same operational personnel that conducted such operations prior to the Confirmation Date. Debtor will surrender HGS to Prudential and Modern Woodmen on the Effective Date and the operational personnel for HGS will no longer be employed or contracted with Debtor. Debtor, through the Liquidating Agent, shall have authority to employ any persons deemed necessary to manage liquidation of Debtor.



**5.10 Rejection and Termination of All Requirements Contracts.** The Members' All-Requirements Contracts are rejected on the Effective Date. Debtor and the Members shall execute any and all necessary documents and agreements deemed necessary to terminate the All-Requirements Contracts as of the Effective Date with provision that neither the Debtor nor the Members shall have any obligations to the other arising from the rejection and termination of the All-Requirements Contracts. The Members have agreed to waive any rejection damage claims against Debtor resulting from such rejection.

**5.11 Making of Distributions.** Debtor, through the Liquidating Agent, shall make the distributions required to be made in respect of the Allowed Claims under the Plan, or as may otherwise be required by the Plan. Except as may be otherwise provided in the Plan or the Confirmation Order, any distribution required by the Plan to be made on the Effective Date will be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in no event later than the later to occur of: (a) twenty (20) days after the Effective Date; or (b) the date upon which any other conditions to distribution with respect to a particular Allowed Claim shall have been satisfied.

**5.12 Construction.** In the event of any conflict between the terms of the Plan and the Disclosure Statement, the terms of the Plan shall control.

**5.13 Compliance with Tax Requirements.** In connection with this Plan and all instruments issued in connection therewith and distributed thereon, Debtor shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under this Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is to receive a distribution under this Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution. Debtor, through the Liquidating Agent, has the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations. Debtor, through the Liquidating Agent, may require, as a condition to receipt of a distribution, that the holder of an Allowed Claim complete and return a Form W-8 or W-9, as applicable to each such holder. If Debtor, through the Liquidating Agent, makes such a request and the holder fails to comply before the date that is 180 days after the request is made, the amount of such distribution shall irrevocably revert to Debtor and any Claim in respect of such distribution shall be discharged and forever barred from assertion against Debtor or its property.

**5.14 Delivery of Distributions.** Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim shall be made at the address of such holder as set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtor or its agents, as applicable, unless the Debtor has been notified in writing of a change of address, including, without limitation, by the filing of a proof of Claim by such holder that contains an address for such holder different than the address of such holder as set forth on the Schedules. Payment shall be made to the holder of the Allowed Claim unless the holder of such Allowed Claim has directed Debtor, in writing, to make payment to a third party through the filing of a proof of Claim instructing that payment be made to a third party thereon.

### **5.15 Undeliverable Distributions.**

**a. Holding of Undeliverable Distributions.** If any distribution to any holder is returned to Debtor as undeliverable, no further distributions shall be made to such holder unless and until Debtor is notified, in writing, of such holder's then-current address. Undeliverable distributions shall remain in the possession of Debtor until such time as a distribution becomes deliverable. All entities ultimately receiving undeliverable Cash shall not be entitled to any interest or other accruals of any kind. Nothing contained in this Plan shall require Debtor or the Liquidating Agent to attempt to locate any holder of an Allowed Claim.

**b. Failure to Claim Undeliverable Distributions.** On or about the six month anniversary of the Effective Date, Debtor, through the Liquidating Agent, shall file a list with the Bankruptcy Court setting forth the names of those entities for which distributions have been made hereunder and have been returned as undeliverable as of the date thereof. Any holder of an Allowed Claim that does not assert its rights pursuant to this Plan to receive a distribution within one year from and after the Effective Date shall have its entitlement to such undeliverable distribution discharged and shall be forever barred from asserting any entitlement pursuant to this Plan against Debtor or the property of Debtor. In such case, any consideration held for distribution on account of such Claim shall revert to Debtor.

**5.16 Manner of Payment under the Plan.** Any Plan distribution to be made in Cash under the Plan shall be made, at the election of the Liquidating Agent, by check drawn on a domestic bank or by wire transfer from a domestic bank. Cash payments to foreign creditors may be made, at the option of the Liquidating Agent, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. Payments of net proceeds from Avoidance Actions shall be paid directly by the Committee.

**5.17 Fractional Plan Distributions.** Notwithstanding anything to the contrary contained herein, no Plan distributions of fractions of dollars will be made. Fractions of dollars shall be rounded to the nearest whole unit, with any amount equal to or less than one-half dollar to be rounded down.

**5.18 De Minimis Distributions.** No distribution of less than Twenty-Five Dollars (\$25) need be made to any holder of an Allowed Claim. Such undistributed amount may be retained by Debtor to be distributed at the time of final distributions to holders of such Allowed Claims in accordance with the Plan, but only to the extent that the aggregate final distribution on account of such Allowed Claim would equal or exceed Ten Dollars (\$10).

**5.19 Surrender and Cancellation of Instruments.** As a condition to receiving any Plan distribution, except as otherwise provided by the Plan, the holder of an Allowed Claim shall surrender all certificates or instruments representing such Claim and to execute and deliver such other documents as may be necessary to effectuate the Plan. Such certificates or instruments shall thereafter be cancelled and extinguished. Debtor, through the Liquidating Agent, shall have the right to withhold any Plan distribution to be made to or on behalf of any holder of such Claims unless and until such certificate or instruments are surrendered, or unless any relevant holder provides to the Debtor or the Liquidating Agent an affidavit of loss or such other documents as may be required by the Debtor or the Liquidating Agent together with an appropriate indemnity in the customary form. Any such holder who fails to surrender such certificate or interest or otherwise fails to deliver an affidavit of loss and indemnity prior to the first anniversary of the Effective Date, shall be deemed to have forfeited its Claims and shall not participate in any Plan distribution. All property in respect of such forfeited Claims shall revert to Debtor.

**5.20 Maximum Distribution.** In no event shall any holder of any Allowed Claim receive distributions under this Plan in excess of the Allowed amount of such Claim.

**5.21 Exemption From Certain Transfer Taxes.** Pursuant to section 1146 of the Bankruptcy Code, (a) the issuance, transfer, or exchange of any securities, instruments, or documents; (b) the creation of any Lien, mortgage, deed of trust, or other security interest; (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with this Plan, including, without limitation, any deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under this Plan or the reinvesting, transfer, or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated in this Plan (whether to Debtor or otherwise); and (d) the issuance, renewal, modification, or securing of indebtedness by such means, and the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, including, without limitation, the Confirmation Order, shall not be subject to any document recording tax, stamp tax, conveyance fee, or other similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, sales tax, use tax, or other similar tax or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city, or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument without requiring the payment of any filing fees, documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax, or similar tax.

**5.22 Continued Existence of the Estate Pending Complete Liquidation and Dissolution.** The Board of Trustees of Debtor shall serve as the representative of the Estate and the Estate shall continue in existence from and after the Confirmation Date and until all payments and distributions to the holders of Allowed Claims shall have been made under the Plan and a final decree pursuant to Rule 3022 of the Bankruptcy Rules is entered. From and after the Confirmation Date, the Estate shall remain in existence and the Board of Trustees, through the Liquidating Agent as applicable, shall administer the Estate in accordance with the provisions of the Plan, the Bankruptcy Code and the Bankruptcy Rules.

**5.23 Dissolution.** Following the Liquidation Period, Debtor shall file Articles of Dissolution with the Montana Secretary of State for the purpose of dissolving the Debtor, as deemed advisable by its consulting professionals..

## ARTICLE VI ACCEPTANCE OR REJECTION OF THIS PLAN

**6.1 Voting of Claims.** Each holder of an Allowed Claim in Classes 2 through 9 shall be entitled to accept or reject the Plan.

**6.2 Presumed Acceptances of Plan.** Class 1 is unimpaired under the Plan and, therefore, is conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

**6.3 Cram Down.** The Members request that, in the event an impaired Class of Claims accepts this Plan, the Bankruptcy Court confirm this Plan in accordance with the provisions of section 1129(b) of the Bankruptcy Code as to any impaired Class or Classes notwithstanding the actual rejection by such Class or Classes.

**6.4 One Vote for Holders.** If a holder of a Claim holds more than one Claim in any one Class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting for or against the Plan.

## **ARTICLE VII PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS**

**7.1 Objections to Claims; Prosecution of Disputed Claims.** Unless otherwise ordered by the Bankruptcy Court, objections to Claims against the Debtor must be made by the Debtor, through the Liquidating Agent, or by any other party in interest, and served upon each holder of a Claim to which an objection is made and filed with the Bankruptcy Court within ninety (90) days of the Effective Date. Objections to Claims may be prosecuted by the Debtor, through the Liquidating Agent, or by any party in interest.

**7.2 Estimation of Claims.** Unless otherwise limited by an order of the Bankruptcy Court, after the Effective Date, Debtor, through the Liquidating Agent, may at any time request the Bankruptcy Court to estimate for final distribution purposes any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Claim had previously been subject to any objection, and the Bankruptcy Court will retain jurisdiction to consider any request to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. Unless otherwise provided in an order of the Bankruptcy Court, in the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court; provided, however, that, if the estimate constitutes the maximum limitation on such Claim, Debtor may elect to pursue supplemental proceedings to object to any ultimate allowance of such Claim; and, provided, further, that the foregoing is not intended to limit the rights granted by section 502(j) of the Bankruptcy Code. All of the aforementioned Claims objection, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another.

**7.3 Allowance of Disputed Claims.** At such time as a Disputed Claim becomes, in whole or in part, an Allowed Claim, Debtor through the Liquidating Agent, shall distribute to the holder thereof the distributions, if any, to which such holder is then entitled under this Plan. Such distribution, if any, shall be made as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim becomes a Final Order but in no event more than 60 days thereafter. For the avoidance of doubt, if any portion of a Claim or Administrative Expense Claim is Disputed, no payment or distribution provided hereunder shall be made on account of the undisputed portion of such Claim or Administrative Expense Claim unless and until the Disputed portion becomes Allowed, is disallowed by Final Order, or is otherwise resolved.

**7.4 Settlement of Objections to Claims After Effective Date.** From and after the Effective Date, Debtor through the Liquidating Agent, may litigate to judgment, propose settlements of, or withdraw objections to, all pending or filed Disputed Claims, and Debtor through the Liquidating Agent may settle or compromise any Disputed Claim without notice and a hearing and without approval of the Bankruptcy Court.

**7.5 Interest.** To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, the holder of such Claim shall not be entitled to any interest thereon.

**ARTICLE VIII**  
**TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**8.1 Assumption and Assignment of Executory Contracts and Unexpired Leases.** On the Effective Date, and except as otherwise provided by the Plan, pursuant to sections 365(a), 365(b), 363(f), and 1123(b)(2) of the Bankruptcy Code, the Debtor shall assume, or assume and assign to the indicated party, all executory contracts and unexpired leases specifically designated on “**Exhibit A**,” which schedule may be amended in accordance with this Plan. The listing of a document on Exhibit A shall not constitute an admission by the Debtor that such document is an executory contract or an unexpired lease or that the Estate or the Debtor has any liability thereunder. Except as may otherwise be agreed to by the parties, within 60 days after the Effective Date, Debtor shall Cure any and all undisputed defaults under the executory contracts and unexpired leases on Exhibit A to this Plan by paying the Cure as determined by the Bankruptcy Court or as agreed to by the parties, provided, however, if the executory contract or unexpired lease is being assumed and then assigned, the assignee shall be responsible for any Cure amounts. All disputed defaults that are required to be cured shall be cured either within 60 days of the entry of a Final Order determining the amount, if any, of the Estate’s or Debtor’s liability with respect thereto, or as may otherwise be agreed to by the parties.

**8.2 Rejection of Executory Contracts and Unexpired Leases.** Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtor or the Estate and any person or entity shall be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease (a) that has been assumed pursuant to an order of the Bankruptcy Court entered prior to the Effective Date and for which the motion was filed prior to the Confirmation Date; (b) as to which a motion for approval of the assumption or rejection of such executory contract or unexpired lease has been filed prior to the Confirmation Date; or (c) that is specifically designated on Exhibit A to this Plan; provided, however, that the Debtor reserves the right, on or prior to the Confirmation Date, to amend the Plan to delete any executory contract or unexpired lease from Exhibit A or add any executory contract or unexpired lease to Exhibit A, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be, respectively, rejected or assumed; provided further, however, that the respective party or parties to such executory contract(s) shall be given notice of such amendment and shall be provided an opportunity to object to such amendment; provided further, however, nothing herein shall prejudice the Debtor’s right to argue that any of the unexpired leases should be recharacterized as a secured financing. The Debtor shall provide notice of any amendments to the Plan to the parties to the executory contracts and unexpired leases affected thereby. Debtor specifically rejects the All Requirements Contracts with the Members as identified on Exhibit B.

**8.3 Approval of Assumption and Assignment and Rejection of Executory Contracts and Unexpired Leases.** Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute the approval, pursuant to sections 365(a), 365(f) and 1123(b)(2) of the Bankruptcy Code, (a) of the assumption and assignment of the executory contracts and unexpired leases assumed or assumed and assigned pursuant to this Plan; and (b) of the rejection of the executory contracts and unexpired leases rejected pursuant to this Plan; provided, however, to the extent any provision of an executory contract or unexpired lease to be assumed under this Plan limits the Debtor’s ability to assume or assume and assign such executory contract or unexpired lease, the effectiveness of such provision shall be limited or nullified to the full extent provided in section 365(f) of the Bankruptcy Code. Unless otherwise indicated, all assumptions or rejections of executory contracts and unexpired leases in the Plan are effective as of the Effective Date.

**8.4 Objections.** Any party wishing to object to the assumption or assumption and assignment of any executory contract or unexpired lease hereunder, including any proposed Cure, if any, set forth in Exhibit A, must file an objection with the Bankruptcy Court by the deadline to object to the Plan and such dispute shall be resolved by the Bankruptcy Court. **Any counterparty that does not object to the assumption or assumption and assignment, or the proposed Cure, if any, set forth in Exhibit A, of its executory contract or unexpired lease under this Plan shall be deemed to have consented to such assumption or assumption and assignment, or Cure and any Claim for Cure, for compensation, adequate assurance, adequate assurance of future performance, or other right, issue, or Claim under section 365 of the Bankruptcy Code, shall be deemed fully satisfied, released, and discharged and forever barred from assertion and shall not be enforceable against Debtor without the need for any objection by Debtor or further notice to or action, order or approval of the Bankruptcy Court or any other entity, and any Claim for Cure for compensation, adequate assurance, adequate assurance of future performance, or other right, issue, or Claim under section 365 of the Bankruptcy Code, shall be deemed fully satisfied, released and discharged upon payment of the amount, if any, listed on Exhibit A, notwithstanding anything included in the Schedules or in any proof of claim to the contrary, provided that nothing shall prevent Debtor from paying any cure amount despite the failure of the relevant counterparty to timely file such request or objection for payment of such Cure. Debtor also may settle any Cure without further notice to or action, order or approval of the Bankruptcy Court or any other entity.**

**8.5. Claims Relating to Rejection.**

**a. Treatment.** Any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to this Plan shall be classified as a General Unsecured Claim or Convenience Claim, as applicable. Claims by the Members arising from rejection and termination of their All-Requirements Contracts are specifically waived by the Members.

**b. Rejection Bar Date.** Claims arising out of the rejection of an executory contract or unexpired lease pursuant to this Plan must be filed with the Bankruptcy Court and served upon Debtor and the Liquidating Agent on the later of 30 days after notice of entry of the Confirmation Order or 30 days after the entry of a Final Order by the Bankruptcy Court resolving any pending motion for the assumption or rejection of any executory contract or unexpired lease filed prior to the Confirmation Date in accordance with the Plan. All such Claims not filed within such time shall be forever barred from assertion against the Debtor or the Estate, and their property and shall be deemed disallowed in full, released and discharged.

**ARTICLE IX  
EFFECTIVENESS OF THIS PLAN**

**9.1 Conditions Precedent to the Confirmation of this Plan.** The following are conditions precedent to the Confirmation of this Plan:

**a. Disclosure Statement Order.** The Bankruptcy Court shall have entered the Disclosure Statement Order approving the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code and authorizing the solicitation of votes with respect to this Plan.

**b. Confirmation Order.** The Bankruptcy Court shall have entered a Confirmation Order (a) determining that all votes are binding and have been properly tabulated

as acceptances or rejections of this Plan; (b) confirming and giving effect to the terms and provisions of this Plan; (c) determining that all applicable tests, standards, and burdens in connection with this Plan have been duly satisfied and met; (d) authorizing Debtor to execute, implement, and take all actions otherwise necessary or appropriate to give effect to the transactions contemplated by this Plan; and (e) determining that the compromises and settlements set forth in any settlement agreement and this Plan are appropriate, reasonable, and approved and satisfy applicable standards under sections 365, 1123(b)(3), and 1129 of the Bankruptcy Code and Bankruptcy Rule 9019.

**c. Form of Orders.** The Confirmation Order, this Plan, and the Disclosure Statement Order each shall be in form and substance reasonably satisfactory to the Members.

**9.2 Conditions Precedent to the Effective Date of this Plan.** The following are conditions precedent to the Effective Date of this Plan:

**a.** The Confirmation Order shall have been entered and no stay of the Confirmation Order shall then be in effect.

**b.** All authorizations, consents, and approvals determined by the Debtor to be necessary to implement to terms of this Plan shall have been obtained.

**9.3 Effect of Non-Occurrence of the Effective Date.** If the Effective Date does not occur, the Plan shall be null and void and nothing contained in the Plan shall: (a) constitute a waiver or release of any Causes of Action or Claims against or Member Interests in the Debtor; (b) prejudice in any manner the rights of the Members; or (c) constitute an admission, acknowledgement, offer, or undertaking of any manner by the Members.

## **ARTICLE X EFFECTS OF CONFIRMATION**

### **10.1 Vesting of Assets.**

**a.** As of the Effective Date, the property of the Debtor shall vest in Debtor, subject to the terms of this Plan.

**b.** From and after the Effective Date, Debtor shall operate solely for the purpose of winding up its affairs, liquidating its assets and dissolving in accordance with the provisions of this Plan.

**c.** As of the Effective Date, all assets of the Debtor and the Estate shall be free and clear of all Claims, Liens, encumbrances, charges, and other interests, except as provided in this Plan or the Confirmation Order.

**10.2 Binding Effect.** Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, and to the fullest extent permitted by section 1141 of the Bankruptcy Code, on and after the Effective Date, the provisions of this Plan shall bind any holder of a Claim against, or Member Interest in, the Debtor or the Estate and their respective successors and assigns, whether or not the Claim or Member Interest of such holder is impaired under this Plan and whether or not such holder has accepted this Plan.

**10.3 Discharge of Claims.** Upon the Effective Date, except as otherwise expressly provided herein, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Member Interest and any Affiliate of such holder shall be deemed to have forever waived, released, and discharged Debtor, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Causes of Action, interests, rights, and liabilities that arose prior to the Confirmation Date and, upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting any Causes of Action or asserting any such discharged Claim against or Member Interest in the Debtor.

**10.4 Exculpation and Release of the Debtor and its Members.** Subject to the occurrence of the Effective Date, the Confirmation Order shall constitute a release, discharge, and forgiveness of all claims, demands, or Causes of Action which any party in interest, creditor, the Committee or the Trustee holds or is entitled to prosecute on behalf of any other party against (a) the Debtor, its agents, attorneys, or other professionals and all of their respective shareholders, managers, members, officers, employees, agents, advisors, consultants, successors, and assigns; and (b) the Members and their respective shareholders, managers, members, officers, directors, employees, advisors, consultants, successors, and assigns. This release shall cover all claims and Causes of Action, derivative or otherwise, which may be brought in the name of, on behalf of, or in the right of the Debtor, the Estate, the Committee, Debtor, or the Trustee. The (a) Debtor and its Members, (b) the Committee, (c) the Liquidating Agent and (d) Trustee (collectively the “Exculpated Parties”) and any professionals, including without limitation, attorneys retained by the Exculpated Parties, and all of their respective shareholders, managers, members, officers, employees, agents, advisors, consultants, successors, and assigns shall not have or incur any liability to any person for any Cause of Action or any act taken or omission, after the Petition Date, in connection with or related to the Chapter 11 Case or the operations of the Debtor’s business during the Chapter 11 Case, including but not limited to (i) formulating, preparing, disseminating, implementing, confirming, consummating, or administering this Plan (including soliciting acceptances or rejections thereof); (ii) the Disclosure Statement or any contract, instrument, release, or other agreement or document entered into or any action taken or omitted to be taken in connection with this Plan; or (iii) any distributions made pursuant to this Plan, except for acts constituting willful misconduct or gross negligence, and in all respects such parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan.

**10.5 Retention of Causes of Action/Reservation of Rights.** Except as expressly provided in this Plan, Debtor shall retain, and nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of, any rights and Causes of Action that the Debtor, the Committee, or the Estate may have under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (a) all Causes of Action and Avoidance Actions; (b) the Beartooth Litigation; (c) any and all Claims against any person or entity to the extent such person or entity asserts a crossclaim, counterclaim, and/or Claim for setoff, recoupment, or which seeks any affirmative relief, in any form or manner whatsoever, against the Debtor or the Estate, and their respective officers, directors, or representatives; and (d) the turnover of any property of the Debtor’s Estate. On the Effective Date, if not previously resolved, the Beartooth Litigation shall be dismissed with prejudice. **No person or entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtor, the Liquidating Agent or the Committee will not pursue any and all available Causes of Action against them. The Estate, the Debtor, and the Committee as applicable, expressly reserve all rights to prosecute any and all Causes of Action and Claim objections against any person or entity.**



**10.6 Injunction.** All persons or entities who have held, hold, or may hold Claims against or Member Interests in the Debtor or the Estate and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be permanently enjoined, on and after the Effective Date, with respect to Claims released under this Plan and all Claims and Member Interests against the Debtor or the Estate, from (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting the Debtor, the Estate, or their property; (b) enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Debtor, the Estate, Debtor, or their property; (c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor, the Estate, or their property; (d) asserting any right of setoff or recoupment, directly or indirectly, against any obligation due the Debtor, the Estate, or any of their property, except as contemplated or allowed by this Plan; (e) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan; (f) commencing, continuing, or asserting in any manner any action or other proceeding of any kind with respect to any Claims and Causes of Action which are extinguished or released pursuant to this Plan; and (g) taking any actions to interfere with the implementation or consummation of this Plan.

**10.7 Terms of Injunctions or Stays.** Unless otherwise provided in this Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all injunctions or stays arising under or entered during the Chapter 11 Case under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in such applicable order.

**10.8 Third Party Agreements; Subordination.** The right of the Debtor to seek subordination of any Claim pursuant to section 510 of the Bankruptcy Code is fully reserved.

**10.9 Dissolution of Committee.** Upon issuance of Final Orders in any pending Avoidance Actions, and payment of approved professional expenses, the Committee shall dissolve and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Case.

**10.10 Substantial Consummation.** On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

## ARTICLE XI RETENTION OF JURISDICTION

**11.1 Jurisdiction of Bankruptcy Court.** The Bankruptcy Court shall retain exclusive jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Case and this Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- a.** To hear and determine any motions for the assumption, assumption and assignment, or rejection of executory contracts or unexpired leases and the allowance of any Claims resulting therefrom;
- b.** To determine any and all pending adversary proceedings, applications, and contested matters relating to the Chapter 11 Case;

- c. To hear and determine any objection to any Claims;
- d. To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- e. To issue such orders in aid of execution of this Plan to the extent authorized by section 1142 of the Bankruptcy Code;
- f. To consider any modifications of this Plan, to cure any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- g. To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331, and 503(b) of the Bankruptcy Code;
- h. To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan or the Confirmation Order, or any agreement, instrument, or other document governing or relating to any of the foregoing;
- i. To hear and determine all disputes involving the existence, scope, nature or otherwise of the releases, discharges, injunctions, and exculpations granted under this Plan, the Confirmation Order, or the Bankruptcy Code;
- j. To recover all assets of the Debtor and property of the Estate wherever located;
- k. To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including any requests for expedited determinations under section 505(b) of the Bankruptcy Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Petition Date);
- l. To hear all matters relating to this Plan, including, but not limited to, all matters relating to the releases, exculpation, and injunction granted thereunder or the Bankruptcy Code.
- m. To hear any other matter consistent with the provisions of the Bankruptcy Code.
- n. To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any entity with the consummation or implementation of this Plan; and
- o. To enter a final decree closing the Chapter 11 Case.

## **ARTICLE XII MISCELLANEOUS PROVISIONS**

**12.1 Modification of Plan.** The Members reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules to amend or modify this Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Debtor or the Members may,

upon order of the Bankruptcy Court, amend or modify this Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in this Plan in such manner as may be necessary to carry out the purpose and intent of this Plan. A holder of an Allowed Claim or Member Interest that is deemed to have accepted this Plan shall be deemed to have accepted this Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim or Member Interest of such holder.

**12.2 Withdrawal or Revocation.** The Members may withdraw or revoke this Plan at any time prior to the Confirmation Date. If the Members revoke or withdraw this Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then this Plan shall be deemed null and void. In such event, nothing contained herein or in the Disclosure Statement shall be deemed to constitute a waiver or release of any Causes of Action, or Claim by or against the Debtor, the Trustee or the Estate or any other person or to prejudice in any manner the rights of the Members or any other person in any further proceedings involving the Debtor.

**12.3 Courts of Competent Jurisdiction.** If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of this Plan, such abstention, refusal, or failure of jurisdiction shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

**12.4 Notices.** Any notices to or requests of the Members by parties in interest under or in connection with this Plan shall be in writing and served either by (a) certified mail, return receipt requested, postage prepaid; (b) hand delivery; or (c) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

Jeffery A. Hunnes  
Guthals, Hunnes & Reuss, P.C.  
P.O. Box 1977  
Billings, BT 59103-1977

**12.5 Severability.** In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision of this Plan is invalid, void, or unenforceable, the Bankruptcy Court shall, with the consent of the Members, have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

**12.6 Governing Law.** Except to the extent the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Montana without giving effect to the principles of conflicts of law thereof.

**12.7 Headings.** Headings are used in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

**12.8 Exhibits.** All Exhibits and Schedules to this Plan are incorporated into and are a part of this Plan as if set forth in full herein.

**12.9 Successors and Assigns.** All the rights, benefits, and obligations of any person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors, and/or assigns of such person.

**12.10 Rates.** The Plan does not provide for the charge of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

**12.11 Setoff/Recoupment Rights.** The Debtor, may, but shall not be required to, set off or recoup against any Allowed Claim and the distributions to be made pursuant to this Plan in respect of such Allowed Claim, the claims, of any nature whatsoever the Debtor may have against the holder of such Allowed Claim, but neither the failure to set off or recoup, nor the allowance of any Claim under the Plan, shall constitute a waiver or release of any Claims that the Debtor or the Estate may have against the holder of any Claim.

**12.12. Final Decree.** After the Plan has been fully administered, the Debtor shall file a motion seeking a final decree pursuant to section 350 of the Bankruptcy Code, Bankruptcy Rule 3022, and any applicable Local Rule.

DATED this 18<sup>th</sup> day of October, 2013.

**Guthals, Hunnes & Reuss, P.C.**

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