

**ARTICLES OF CONSOLIDATION OF
STAMFORD ELECTRIC COOPERATIVE, INC.
AND
MIDWEST ELECTRIC COOPERATIVE, INC.
FORMING
BIG COUNTRY ELECTRIC COOPERATIVE INC.**

These Articles of Consolidation are submitted pursuant to that certain Consolidation Agreement by and between Stamford Electric Cooperative, Inc., and Midwest Electric Cooperative, Inc., dated to be effective January 1, 1999, setting forth the terms and conditions of the consolidation, the name of the proposed consolidated corporation, the number of directors, the time of the annual meeting and the election and the names of the persons to be its initial directors.

Stamford Electric Cooperative, Inc. is a cooperative non-profit membership corporation organized in 1939 pursuant to the Electric Cooperative Corporation Act of the State of Texas (Texas Utilities Code, Chapter 161) under Charter No. 74819. Stamford Electric Cooperative, Inc. has no shareholders and is governed by its member-consumers.

Midwest Electric Cooperative, Inc. is a cooperative non-profit membership corporation organized in 1938 pursuant to the Electric Cooperative Corporation Act of the State of Texas (Texas Utilities Code, Chapter 161) under Charter No. 73876-1. Midwest Electric Cooperative, Inc. has no shareholders and is governed by its member-consumers.

The consolidation agreement was approved by the votes of a majority of the members of each of Stamford Electric Cooperative, Inc. and Midwest Electric Cooperative, Inc. present in person or proxy at a special meeting of its members called for that purpose. These votes were cast at separate meetings of the members of each cooperative in compliance with the laws of the State of Texas and were certified by the Secretary of each corporation.

Stamford Electric Cooperative, Inc. and Midwest Electric Cooperative, Inc. adopt the following Articles of Consolidation pursuant to Section 161.201 of the Electric Cooperative Corporation Act (Texas Utilities Code, Sec. 161.201) for the purpose of consolidating them into a new corporation named Big Country Electric Cooperative, Inc.:

ARTICLE I

The name of the corporation is Big Country Electric Cooperative, Inc.

ARTICLE II

The purpose for which the corporation is formed is to engage in rural electrification by all methods authorized by law. The Corporation does not contemplate pecuniary gain or profit to its members and is organized for non-profit purposes.

ARTICLE III

The names and addresses of the individuals serving as directors of the Corporation as of the date of the adoption of these Articles who shall serve until the first annual meeting of members, and thereafter until their respective term of office expires or until their successors are duly elected and qualified, whichever is the latest to occur, are:

<u>Name</u>	<u>Address</u>
Mr. Jimlee Baucum	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. Carl Thompson	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. Lewis Corzine	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. J.B. Glover	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. J.F. Dozier	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. Wilbert Klose	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. Walter Buerger	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. Billy Middlebrook	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. James Seidenberger	Stamford Electric Cooperative, Inc. 225 West McHarg P.O. Box 1147 Stamford, Texas 79553-1147
Mr. Carl Williams	Midwest Electric Cooperative, Inc. 1010 West South 1st Street P.O. Box 518 Roby, Texas 79543-0518
Mr. John Ward	Midwest Electric Cooperative, Inc. 1010 West South 1st Street P.O. Box 518 Roby, Texas 79543-0518
Mr. Jerry Upshaw	Midwest Electric Cooperative, Inc. 1010 West South 1st Street P.O. Box 518 Roby, Texas 79543-0518
Mr. Bobby Gruben	Midwest Electric Cooperative, Inc. 1010 West South 1st Street P.O. Box 518 Roby, Texas 79543-0518
Ms. Sue Herring	Midwest Electric Cooperative, Inc. 1010 West South 1st Street P.O. Box 518

Mr. Vance Lakey

Roby, Texas 79543-0518
Midwest Electric Cooperative, Inc.
1010 West South 1st Street P.O. Box 518
Roby, Texas 79543-0518

Mr. Mickey Sterling

Midwest Electric Cooperative, Inc.
1010 West South 1st Street P.O. Box 518
Roby, Texas 79543-0518

ARTICLE IV

The initial number of directors of the Corporation is sixteen (16), which number shall be reduced to nine (9) during the first three (3) years, as provided in the Corporation's Bylaws. The initial directors of the Corporation shall serve until their respective terms of office shall expire and their successors duly elected in accordance with the laws of the State of Texas, these Articles of Consolidation and the Corporation's Bylaws.

No person shall be eligible to become or remain a director of the Corporation unless such person (i) is a member in good standing of the Corporation, (ii) receives electric service in the district that he does or would represent and (iii) meets all other qualifications provided for in the Bylaws of the Corporation.

ARTICLE V

Each annual meeting of the Members for the election of directors to succeed those whose terms are then expiring and for the transaction of other business brought before the meeting will be held at such time as may be provided in the Bylaws of the Corporation.

ARTICLE VI

The street address of the initial principal office of Big Country Electric Cooperative, Inc., shall be 1010 West South 1st Street, Roby, County of Fisher, State of Texas 79543, and the name of the initial registered agent at such address is Jerry Stapp.

ARTICLE VII

The period of duration of the Corporation is perpetual.

ARTICLE VIII

Section 1. Any person, firm, corporation or body politic may become a member of the Corporation by:

- (a) paying the membership fee set by the Board of Directors;
- (b) agreeing to purchase service from the Corporation as hereinafter specified; and

(c) agreeing to comply with and be bound by these Articles and the Bylaws of the Corporation and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors.

Notwithstanding the foregoing, any person, firm, corporation, or body politic shall become a member when such person, firm, corporation, or body politic:

- (i) is accepted for membership by the Board of Directors, or
- (ii) is accepted for membership by the members at a meeting of the members, or
- (iii) accepts electric energy or other service provided by the Corporation.

No person, firm, corporation, or body politic may own more than one (1) membership in the Corporation. A husband and wife jointly may become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section, provided the husband and wife jointly comply with the provisions of the above subdivisions (a), (b), and (c).

Section 2. All amounts paid by a member in excess of the cost of service furnished to such member shall be deemed to have been furnished by such member as capital, and each such member shall be credited with the capital so furnished as provided in the Bylaws. The Board of Directors has authority to retire all or part of such capital credits, in accordance with such standards, rules, methodologies and procedures, in any one or more years or parts of a year, as the Board of Directors in its discretion shall determine is in the best interests of the Corporation and will not impair the Corporation's financial condition and are in accordance with any restrictions contained in the Corporation's mortgages or loan contracts with the United States Department of Agriculture, Rural Utilities Services (RUS), National Rural Utilities Cooperative Finance Corporation (CFC) or any other lender of funds to the Corporation.

Each member shall pay all amounts owed by such member to the Corporation as and when the same shall become due and payable. The Board of Directors is given authority to enforce penalties for failure to so pay.

Section 3. The Bylaws of the Corporation may fix other terms and conditions upon which persons shall be admitted to and retain membership in and/or be a director of the Corporation not inconsistent with these Articles or the Act under which it is organized.

ARTICLE IX

Except as may be otherwise provided by law, no contract, act or transaction of the Corporation with any person or persons, firm, trust or association, or any other corporation shall be affected or invalidated by the fact that any director, officer or member of this Corporation is a party to, or is interested in, such contract, act or transaction, or in any way connected with any such person or persons, firm, trust or association, or is a director, officer or member of, or otherwise interested in, any such other corporation, nor shall any duty to pay damages to this Corporation be imposed upon such director, officer or member of this Corporation solely by reason of such fact, regardless of whether the vote, action or presence of any such director, officer or member may be, or may have been, necessary to obligate this Corporation on, or in connection with, such contract, act or transaction, provided that if such vote, action or presence is, or shall have been, necessary, such interest or connection (other than an interest as a non-controlling shareholder of any such other corporation) be known or disclosed to the Board of Directors of this Corporation.

ARTICLE X

To the extent permitted by law, each director and officer or former director or officer of this Corporation or any person who has served at the request of this Corporation as a director or officer of another corporation in which this Corporation owns shares of capital stock or of which this Corporation is a creditor (and their heirs, executors and administrators) may be indemnified by the Corporation against reasonable costs and expenses incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been such director or officer. The foregoing rights and indemnification shall not be exclusive of any other rights to which such directors, officers or other persons may be entitled according to law.

ARTICLE XI

No director of the Corporation shall be liable to the Corporation or its members for monetary damages for an act or omission in the director's capacity as a director, except to the extent a court of competent jurisdiction finds such director liable for:

- (1) a breach of a director's duty or loyalty to the Corporation or its members;
- (2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law;
- (3) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or
- (4) an act or omission for which the liability of a director is expressly provided by an applicable statute.

ARTICLE XII

Section 1. Except as provided in Section 2 and Section 3 of this Article XII, the Board of Directors may not sell, lease, lease-sale, exchange, transfer or otherwise dispose of all or substantially all of the Corporation's property nor may the Board authorize any such transaction unless such sale, lease, lease-sale, exchange, transfer or other disposition is first authorized at a meeting of the members thereof by affirmative vote of more than fifty percent (50%) of all of the members of the Corporation. Members may vote in person or by absentee mail ballot. The notice of such proposed sale, lease, lease-sale, exchange, transfer or other disposition shall be contained in the notice of the meeting.

Section 2. The Board of Directors, without authorization by the members, shall have full power and authority to borrow monies from any source and to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any and all the Corporation's property and assets, whether acquired or to be acquired, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine to secure any indebtedness of the Corporation.

Section 3. The Board of Directors may, upon the authorization of a majority of those members of the Corporation present at a meeting of the members thereof, sell, lease, exchange, or otherwise dispose of all or substantially all of the Corporation's property to another Corporation doing business in this state pursuant to the Act under which the Corporation is incorporated.

ARTICLE XIII

Section 1. Except as provided in Section 2 of this Article XIII, three percent (3%) of the total number of members of the Corporation present in person or represented by absentee mail ballot as submitted in accordance with the Bylaws, shall constitute a quorum of the members, provided that if less than three percent (3%) of the total number of members are present or represented by absentee mail ballot at said meeting, a majority of the members so present may adjourn the meeting from time to time without further notice.

Section 2. Fifty-one percent (51%) of the total number of members of the Corporation shall constitute a quorum (i) for the purpose of considering the alteration, amendment or repeal of Article XII hereof or this Section 2 of Article XIII, or (ii) for the purpose of considering the sale, lease, exchange, or transfer of all or substantially all of the Corporation's property.

The affirmative vote of more than fifty percent (50%) of all members of the Corporation shall be required to alter, amend or repeal said Article XII hereof or this Section 2 of Article XIII.

This Section 2 shall not apply to sales, transfers, mergers, consolidations or exchanges of property to another electric cooperative doing business in this State under the Act under which the Corporation was incorporated.

ARTICLE XIV

Section 1. The Board of Directors shall have power to make and adopt such rules, regulations, and Bylaws, not inconsistent with these Articles, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Corporation.

Section 2. The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member shall be individually responsible for any debts or liabilities of the Corporation.