

Once recorded, please return to:
Tim Gregori, General Manager
Southern Montana Electric Generation and
Transmission Cooperative, Inc.
3521 Gabel Road, Suite 5
Billings, Montana 59102

R0210923 BS

Total Pages: 3 R 21.00 By:mdailey 02/26/2010 01:41:09 PM
Cascade County, Rina Ft Moore - Clerk & Recorder



IMPROVEMENTS CONVEYANCE AND BILL OF SALE

326274 CF

THIS INSTRUMENT is made and executed the 26 day of February, 2010, by SME Electric Generation and Transmission Cooperative, Inc., the mailing address of which is P.O. Box 80152, Billings, Montana 59108-0152 (hereinafter "Grantor" or "Transferor");

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby assigns, grants, transfers and conveys unto Southern Montana Electric Generation and Transmission Cooperative, Inc., the mailing address of which is 3521 Gabel Road, Suite 5, Billings, Montana 59102 (hereinafter "Grantee" or "Transferee"), all of Grantor's right, title and interest in and to the following described property situated in Cascade County, Montana (collectively "the Assets"), to-wit:

1. All tangible and intangible personal property and personal property interests owned and held by Grantor related to development of those certain electrical generation and distribution facilities commonly known as the Highwood Generating Station ("HGS") in Cascade County, Montana, including without limitation any and all equipment, permits, privileges, rights, engineering, and other work and/or work-in-progress, and all equipment purchase and/or other contracts related to the HGS; and

2. All existing structures, improvements, components, accessions, equipment and fixtures located on or in that certain real property situated in Cascade County, Montana, described as follows:

Parcel B of Certificate of Survey No. S-0004660, according to the plat thereof filed February 4, 2010 in the office of the Clerk and Recorder of Cascade County, including therein the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24 and the N $\frac{1}{2}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 25, all in Township 21 North, Range 5 East, P.M.M., Cascade County

with the specific intent to sever the same from the underlying real property and transfer the Assets as personal property from Grantor to Grantee; *excepting and excluding, however*, Grantor's fee title in and to the foregoing described real property, to wit: Parcel B of Certificate of Survey No. S-0004660, and all easements appurtenant thereto.

Grantor and Grantee acknowledge their specific intent, covenant and agreement that the Assets located on or in the real property, regardless of their character or nature, are hereby severed from the land and shall hereinafter constitute personal property of Grantee, together with any and all improvements, structures, buildings, equipment, facilities, and the like built, installed, constructed, affixed, or located on the above-described real property by Grantee, all of which shall be deemed personal property of Grantee, subject to the terms and conditions of the Ground Lease (hereinafter defined).

TO HAVE AND TO HOLD unto Grantee and to its successors and assigns forever; provided, however, that to the extent rights in the above-described underlying real property may impact ownership of any of the Assets, the Assets are subject to:

(a) All reservations and exceptions in patents or deeds from the United States or the State of Montana;

(b) All existing easements and rights-of-way;

(c) All applicable building, use, zoning, health, sanitation, environmental and similar laws, restrictions, ordinances, rules, and regulations;

(d) The terms and conditions of that certain Ground Lease, dated February 26, 2010, effective February 25, 2010 (the "Ground Lease"), by and between Grantor, as Lessor, and Grantee, as Lessee, notice of which lease has been or will be recorded in the office of the Clerk and Recorder of Cascade County, Montana; and

(e) Prior recorded reservations or conveyances of mineral or water rights or interests in the above-described real property.

EXCEPT with reference to the items in Paragraphs (a) through (e) above, this Improvements Conveyance and Bill of Sale is made and given with the following covenants:

(i) That Grantor is the owner of the Assets;

(ii) That Grantee shall enjoy the Assets without disturbance from persons or entities claiming by or through Grantor;

(iii) That the Grantor will warrant and defend the title hereby granted against any and all persons claiming by or through the Grantor any right, title or interest in the Assets; and

(iv) That Grantor shall provide to Grantee on demand such further assurance of seisin, against disturbance, against encumbrances, and of title as may be reasonably required.

IN WITNESS WHEREOF, the parties hereto have executed this instrument effective as of the day and year first above written.

SME ELECTRIC GENERATION AND
TRANSMISSION COOPERATIVE, INC.


By *William F. Gerald*
Its *President*

SOUTHERN MONTANA ELECTRIC
GENERATION AND TRANSMISSION
COOPERATIVE, INC.

By *John Z. Prinkki*
Its *Vice President*

STATE OF MONTANA)
 : SS.
County of Yellowstone)

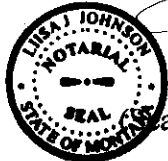
This instrument was acknowledged before me on this 29th day of February,
2010, by William F. Gerald, known to me to be the President
of SME Electric Generation and Transmission Cooperative, Inc.

 *Lisa Johnson*
LISA J. JOHNSON
NOTARY PUBLIC for the State of Montana
Residing at Billings, Montana
My Commission Expires
June 02, 2013

- see seal -
[Type, Stamp or Print Name]
Notary Public for the State of Montana
Residing at _____, Montana
My commission expires _____, 20__.

STATE OF MONTANA)
 : SS.
County of Yellowstone)

This instrument was acknowledged before me on this 25th day of February,
2010, by John Prinkki, known to me to be the Vice President
of Southern Montana Electric Generation and Transmission Cooperative, Inc.

 *Lisa Johnson*
LISA J. JOHNSON
NOTARY PUBLIC for the State of Montana
Residing at Billings, Montana
My Commission Expires
June 02, 2013

- see seal -
[Type, Stamp or Print Name]
Notary Public for the State of Montana
Residing at _____, Montana
My commission expires _____, 20__