

NorthWestern Corporation Corporate Governance Guidelines

The Board of Directors (the “Board”) of NorthWestern Corporation (the “Company”) has adopted the Corporate Governance Guidelines set forth below. The Board, upon recommendation of the Nominating and Corporate Governance Committee, will periodically assess the appropriateness of these Guidelines and make changes as may be necessary or desirable to ensure the effective and efficient governance of the Company.

Role of the Board of Directors.

The primary responsibility of the Board is to provide effective governance over the affairs of the Company and to represent the interests of all of the Company’s stockholders, including their interest in optimizing financial returns and the value of the Company over the long term. The Board and its members have the primary responsibilities to serve as trustees for the investment of the stockholders, to provide direction to the total affairs of the Company that will ensure its development and growth in product services and financial results, and to provide for the quality, depth and continuity of management required to obtain the Company’s major strategic and operational objectives.

Board Size and Term

The Board determines the number of Directors as permitted in the Company’s Bylaws and will periodically review the size of the Board based on recommendations of the Nominating and Corporate Governance Committee. The Company’s Bylaws authorize that the Board shall consist of not less than five nor more than eleven Directors. The Board should have a sufficient number of Directors to reflect a substantial diversity of perspectives, backgrounds and experiences, but not so many Directors that the size of the Board hinders effective discussion or diminishes individual accountability. Each Director is elected annually to a one-year term.

Separation of Chair and Chief Executive Officer

The Board has placed the responsibilities of Chair with an independent nonexecutive member of the Board.

Board Composition

The Board, with the exception of the Company’s President and CEO, will be comprised of Directors who meet the criteria for “independence” (as defined below) required by the New York Stock Exchange (“NYSE”). The Board will review the independence of each Director annually. The Nominating and Corporate Governance Committee, consisting of independent outside Directors of the Company, is responsible for recommending to the Board, on an annual basis, the slate of persons to be nominated to the Board at the next annual meeting of stockholders. The Nominating and Corporate Governance Committee also will make recommendations to the Board regarding candidates for election as members of the Board to fill vacancies on the Board caused by retirement, death, inability to serve, resignation or newly created directorships. Nominees to the Board will be selected by the Nominating and Corporate Governance Committee in accordance with the criteria set forth in the Nominating and Corporate Governance Committee charter.

Director Independence

A Director will be considered independent if he or she qualifies as “independent” under (a) NYSE standards and any applicable laws, and (b) he or she has never been (i) an employee of the Company or any of its subsidiaries; (ii) is not a close relative of any management employee of the Company; (iii) provides no services to the Company, or is not employed by any firm providing major services to the Company, other than as a Director, and (iv) receives no compensation from the Company other than Director fees and benefits. A majority of every committee of the Board should consist of independent Directors, and the membership of the Audit Committee, Nominating and Corporate Governance Committee, and Human Resources Committee must consist solely of independent Directors.

Director Qualifications

In nominating new Directors, the Nominating and Corporate Governance Committee should consider a broad diversity of individuals of who can add value to the strategic policymaking and oversight responsibilities of the Board and provide skills and personal experiences that add to and complement the skills, experience and background of existing Directors and are needed to achieve the Company’s corporate objectives.

The qualifications to be considered for each individual being considered as a new Director are detailed in the Nominating and Corporate Governance Committee Charter.

Director Responsibilities

The basic responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, Directors may reasonably rely on information provided by the Company’s senior executives and its outside advisors and auditors.

Directors are expected to attend annual meetings of shareholders, Board meetings and meetings of committees on which they serve, and they are frequently called upon for advice and counsel between formal meetings. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting will generally be distributed in writing to the Directors before the meeting, and Directors should review these materials in advance of the meeting. Each Director is encouraged and expected to ask questions of and raise issues with management to ensure the conduct of careful and cautious oversight.

Director Access to Management and Independent Advisors

Directors will have full and free access to management of the Company. The Directors will work cooperatively with management to ensure that any such contact is not disruptive to the business operations of the Company. The Board and committees have the right to retain independent counsel, accountants or other advisors to fulfill their responsibilities.

Director Compensation

The form and amount of Director compensation will be recommended to the Board by the Human Resources Committee. The Human Resources Committee will annually review and approve Director compensation. The Board's philosophy is that a portion of Director compensation be equity based, and the Board shall maintain minimum stock ownership guidelines for Directors.

Director Orientation and Continuing Education

The Board and management will conduct a comprehensive orientation process for new Directors to become familiar with the Company's vision, strategic direction, core values including its Code of Conduct, financial matters, corporate governance practices and other key policies and practices through a review of background material, meetings with senior management and visits to Company facilities. The Board also recognizes the importance of continuing education for its Directors and is committed to provide such education in order to improve both Board and committee performance. The Board acknowledges that Director continuing education may be provided in a variety of different forms including external or internal education programs, presentations or briefings on particular topics, educational materials, meetings with key management and visits to the Company's facilities. It is the responsibility of the Directors and Nominating and Corporate Governance Committee to advise the Directors about their continuing education on subjects that would assist them in discharging their duties, including leading-edge corporate governance issues. Directors are encouraged to attend, at the Company's expense, continuing education programs sponsored by educational and other institutions.

Committees of the Board

The Board currently has three committees: the Audit Committee, the Nominating and Corporate Governance Committee, and the Human Resources Committee. Committee members will meet the independence requirements of the NYSE and any applicable requirements of the Securities and Exchange Commission. The charters of the Audit Committee, the Nominating and Corporate Governance Committee, and the Human Resources Committee will meet the requirements of the NYSE and any applicable requirements of the Securities and Exchange Commission. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Assignment of Committee Members

The Nominating and Corporate Governance Committee is responsible for recommending to the Board the appointment of Directors as members and chairpersons of committees of the Board. The Nominating and Corporate Governance Committee shall consider rotating committee members and chairpersons periodically, in order to expose Directors to the varied aspects of the business of the Company.

Board Meeting Agendas

Company management will work with the chairperson to establish the agenda for each Board meeting. Each Director may suggest the inclusion of items on the agenda. Each Director may raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

Committee Meeting Agendas

The chairperson of each committee, in consultation with the other members and appropriate officers of the Company, will establish the agenda for each meeting of such committee. Directors are encouraged to suggest topics for inclusion on the agendas.

Executive Sessions

The non-management Directors will meet in executive session at least twice each calendar year without members of management present. Any Director may request an executive session at any Board meeting.

Annual Performance Evaluation of the Board and Committees

An annual self-evaluation will be performed to determine whether the Board and committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all Directors and report to the Board the results of the self-evaluation. The Board and each committee will discuss their individual results at their meetings and focus on areas in which the Board and/or committees could improve.

Criteria for Continued Board Membership

Service on Other Boards

Directors may serve on other boards, provided that it does not conflict with their service on the Company's Board, and must inform the Nominating and Corporate Governance Committee before accepting a position on another public company board. If the Director is actively employed, he or she may not serve on more than three other boards of public companies (excluding subsidiaries of the Company) in addition to the Company's Board, and if the Director is retired, he or she may not serve on more than five other boards of public companies in addition to the Company's Board unless such service is approved by the Nominating and Corporate Governance Committee.

Term Limits

Nonemployee Directors will not stand for re-election if they have completed 15 years of service on the Company's Board.

Majority Vote Policy

- In an uncontested election, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation following certification of the stockholder vote.
- The Nominating and Corporate Governance Committee shall promptly consider the resignation offer and a range of possible responses based on the circumstances that led to the Majority Withheld Vote, if known, and make a recommendation to the Board. The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following certification of the stockholder vote.

In addition to the above criteria, a Director may be asked to resign due to lack of attendance or contribution as a Director, as determined by the Board evaluation process.

The decision to accept a resignation lies with the Board and is viewed as an opportunity to review the continued appropriateness of Board membership.

Stock Ownership Guidelines

Non-employee Directors

Within five years of beginning service on the Board, each nonemployee Director must retain at least five times his or her annual Board and committee chair retainer(s) in common stock or deferred stock units.

Company Officers

Stock ownership guidelines for our officers are as follows:

Position	Required Multiple of Base Salary
President & CEO	5
VP, CFO & Treasurer	4
VP, General Counsel, Corporate Secretary & Chief Compliance Officer	3
VP - Wholesale Operations	3
VP - Retail Operations	3
VP - Customer Care, Communications and Human Resources	2
VP - Government & Regulatory Affairs	2
VP & Controller	2
Internal Audit & Controls Officer	1
Chief Transmission Officer	1
Chief Energy Supply Officer	1

Any officer who has not met his or her required stock ownership level in five years will be restricted from selling stock, absent a hardship, until his or her guideline amount is achieved.

Annual Performance Evaluation of Chief Executive Officer

The Chief Executive Officer's performance will be evaluated annually. The Board has delegated this responsibility to the Human Resources Committee. The Human Resources Committee will consult with the Board on the evaluation of the Chief Executive Officer.

Management Succession

The Human Resources Committee will periodically report to the Board on succession planning, including principles and policies for Chief Executive Officer selection and performance and review, as well as policies regarding succession in the event of an emergency or the retirement of the Chief Executive Officer.

There will also be available, on a continuing basis, the Chief Executive Officer's recommendation concerning who should assume the Chief Executive Officer's role in the event the Chief Executive Officer becomes unable to perform his duties.

Code of Conduct

The Company has adopted a Code of Business Conduct and Ethics ("Code") which applies to all Directors, Officers and Employees of the Company and its subsidiaries. The Corporate Governance and Nominating Committee and the Audit Committee shall review the Code from time to time and recommend any proposed changes to the Board.

Communications with Directors

The Company's Chairman of the Board or non-management Directors may be contacted in writing as follows:

NorthWestern Corporation
c/o Corporate Secretary
3010 W. 69th Street
Sioux Falls, SD 57108

Complaints regarding accounting, internal accounting controls, or auditing matters may be submitted anonymously using the Company's Compliance Line 1+ (877) 781-7286 or online at <https://www.integrity-helpline.com/NW.jsp>.