

TITLE: Legal Hold Policy					
Policy Number	Issued Date	Effective Date	Revision Date	Revision Number	Issuing Department
2E2011-Z	1/2/2011	1/1/2011	1/25/2016	1	Legal
Functional Area VP Signature/Date Heather Grahame, Vice President & General Counsel				<i>Heather Grahame 2/9/16</i>	
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General Counsel Signature/Date Heather Grahame, Vice President & General Counsel				<i>Heather Grahame</i>	
Chief Compliance Officer Signature/Date Michael Nieman, Chief Audit & Compliance Officer				<i>Michael Nieman 2-9-16</i>	
President & CEO Signature/Date Robert C. Rowe, President & CEO				<i>Robert C. Rowe 2-9-16</i>	

I. Statement of Policy

It is the policy of NorthWestern Energy to properly preserve all Company records and information, regardless of physical form or location, that are relevant to pending, threatened, or otherwise reasonably foreseeable litigation, non-routine audits, government investigations, or similar proceedings ("Proceedings") until the need to preserve such records has ceased as determined by the General Counsel.

II. Objectives

NorthWestern Energy established this policy to:

- A. Ensure that the routine destruction of records and related information is suspended immediately upon issuance of a legal hold.
- B. Enable NorthWestern Energy to fully and adequately prosecute or defend itself in any Proceeding to which it is a party, and further ensure that it is able to respond in a timely, efficient, and accurate manner to discovery requests, subpoenas or other requests for information arising out of any Proceeding.
- C. Ensure that all employees understand and are aware of their obligation to report factual information that may trigger the Company's obligation to issue a Legal Hold Notice.
- D. Ensure that all employees understand and fully comply with their obligation to preserve Company records upon receipt of a Legal Hold Notice.

III. Scope

This Legal Hold Policy is applicable to NorthWestern Energy, LLC (“NorthWestern Energy” or the “Company”) and its employees.

IV. Definitions¹

- A. *Discovery*: The process of identifying, locating, preserving, securing, collecting, preparing, reviewing, and producing facts, information, and materials, including physical objects, for the purpose of producing and/or obtaining evidence for use in the legal process.
- B. *Electronic Discovery*: The process of identifying, locating, preserving, collecting, preparing, reviewing, and producing electronically stored information (also referred to as ESI) in the context of the legal process.
- C. *Electronically Stored Information (“ESI”)*: Records or information stored in any electronic medium, including but not limited to PC or laptop hard drives, network drives, home computers, flash drives, CD-ROMs, tapes, zip drives, tablets, handheld mobile devices, or other external storage devices.
- D. *Legal Hold Notice*: A communication issued as a result of actual or reasonably anticipated litigation, audit, or government investigation (“Proceeding”) that suspends the normal disposition or processing (i.e., discarding, destruction, or deletion) of records pursuant to the Company’s Records Management Policy.
- E. *Legal Response Team (“LRT”)*: Representatives from Legal, Risk Management, Records Management, and others as may be appropriate depending on the nature of contemplated and active legal holds who are responsible for initiating and managing the legal hold process and related procedures.
- F. *Metadata*: The generic term used to describe the structural information of a file that contains data about the file and can make finding and working with particular instances of data easier. For example, author, date created, date modified, and file size are examples of basic document metadata.
- G. *Preservation*: The process of retaining documents, physical objects, and ESI (including document metadata), for legal purposes and includes suspension of normal document destruction policies and procedures.
- H. *Record*: Any information, regardless of medium or format, that is generated or received by NorthWestern Energy that is evidence of a business transaction, activity, or operation and has value requiring its retention for a specific period of time pursuant to the Company’s Records Management Policy.

¹ See THE SEDONA CONFERENCE GLOSSARY (Fourth Edition), April 2014.

- I. *Spoliation*: The loss or destruction of physical evidence, records, or properties (such as document metadata) that may be relevant to ongoing or anticipated Proceedings and which may result in the imposition of sanctions against the Company and/or individual employee responsible for the destruction.

V. Provisions

- A. Any employee who becomes aware of an actual or reasonably anticipated Proceeding involving NorthWestern Energy must notify his or her supervisor, the General Counsel, or a member of the Legal Response Team immediately and/or must provide notifications as required by other operational policies and procedures (such as major event notifications).
- B. Upon receiving notice of an actual or potential Proceeding, the General Counsel or his or her designee shall initiate a thorough review of all relevant facts and circumstances that can reasonably be known at that time to determine if a Legal Hold Notice should be issued.
- C. The General Counsel or his or her designee shall ensure that a Legal Hold Notice is issued as soon as practicable after it has been determined that a duty to preserve has arisen.
 1. Prior to issuance of a Legal Hold Notice, the General Counsel or his or her designee will identify the people most involved with the issues, facts, and circumstances giving rise to or related to the dispute (i.e., Key Custodians), as well as the records and evidence most likely to be relevant to the dispute.
 2. Every Key Custodian shall receive a copy of a Legal Hold Notice, which shall provide them with appropriate guidance regarding the scope of the dispute and the employees' preservation obligations.
- D. Upon receiving a Legal Hold Notice, an employee must do the following:
 1. Review the Legal Hold Notice and promptly certify that the employee has read and understands the Notice. Such review and certification must be promptly made upon receipt of the Legal Hold Notice.
 2. Immediately suspend deletion, overriding, or any other destruction of electronically stored information relevant to the dispute that is under the employee's control.
 3. Preserve any new electronically stored information that is generated after receipt of the Notice that is relevant to the subject matter of the dispute.
 4. Preserve hard copies of documents or other physical evidence under their control.

5. Participate in a Custodian Data Interview with a member of Records Management and/or complete and sign a Certification of Legal Hold Review form and return to Records Management promptly after receipt. This form verifies the employee received the Legal Hold Notice and has searched for, identified, and preserved all relevant information.
 6. Promptly respond to all Legal Hold Notice reminders.
- E. To ensure on-going employee compliance with Legal Hold Notices, all active holds will be distributed to the appropriate management-level employees, such as Vice Presidents, Directors, Supervisors, and Managers, who have subordinates who are subject to a legal hold for review on at least a quarterly basis.
- F. Records Management shall routinely copy Business Technology on all Legal Hold Notices that are issued.
1. Records Management shall provide Business Technology with a list of all employees whose electronic accounts must be preserved (including archived accounts).
 2. Records Management will work with Business Technology to identify any backup tapes that should be withdrawn from the normal tape rotation and submitted to Records Management for retention.
 3. Records Management shall work with Business Technology to identify any other procedures that could result in the loss of information due to routine business operations.
 4. Business Technology shall acknowledge receipt, understanding, and compliance with the Legal Hold Notice by e-mail to Records Management as soon as practicable after receipt.
- G. The Legal Response Team shall provide Records Management with specific direction regarding preservation of relevant Company records, including ESI.
1. Records Management shall promptly suspend normal destruction of relevant records.
 2. Records Management shall promptly apply a legal hold to relevant records indexed in the records management system.
- H. The General Counsel or his or her designee shall coordinate with outside legal counsel once it is determined that relevant records must be produced to ensure that records are collected in a legally defensible and appropriate manner and that properly preserves relevant metadata and facilitates efficient collection, processing, review, and production.

- I. Records Management will review all notifications in Managers Toolbox regarding employee terminations and transfers to determine if the terminated or transferred employee is subject to a legal hold and, if so, shall promptly notify the Legal Response Team and the General Counsel. Records Management shall provide direction to the supervisor or manager regarding the proper handling of the transferred or terminated employee's relevant records and other evidence subject to the legal hold.
- J. If an employee is hired or changes position such that the employee becomes subject to a previously issued Legal Hold Notice, the employee's direct supervisor or manager shall promptly notify the Legal Response Team, who shall promptly provide the employee with the Legal Hold Notice and any other direction necessary to ensure compliance with the Notice.
- K. The Legal Response Team or its designee shall maintain a complete and accurate record that documents the legal hold process for each Legal Hold Notice issued.
- L. The Legal Response Team shall monitor the legal hold on a regular basis and shall provide at least quarterly reminder notifications to each employee subject to a Legal Hold Notice to ensure ongoing compliance with the Notice. More frequent reminders may be necessary depending on the nature of the dispute.
- M. The Legal Response Team shall meet at least quarterly, or more frequently as required by any particular dispute, in order to review the status of all active legal holds, track compliance, evaluate whether the scope of custodians and/or records subject to the legal hold must be revised, and evaluate whether any given legal hold may be lifted.
- N. The Legal Response Team shall communicate to affected employees and Business Technology when a legal hold may be lifted to ensure that records no longer subject to a legal hold are handled in accordance with the Company's Records Management Policy.
- O. To facilitate employee compliance with this Policy, the Legal Response Team or its designee shall ensure that all employees receive training regarding this Policy on an annual basis.
- P. If any of the provisions of this policy conflict with those of a collective bargaining agreement (CBA) for covered employees, the provisions of the CBA will prevail.
- Q. All employees are expected to comply with this policy. Failure to do so may result in disciplinary action up to and including termination of employment. The existence of this policy does not create a contract or vested right of employment implied or otherwise. NorthWestern Energy is an at-will employer in South Dakota, Nebraska, and Wyoming.

R. NorthWestern Energy reserves the right to amend, terminate, or otherwise modify this Policy at any time. The effect of any amendment or modification, however, will be prospective, not retroactive.

VI. Additional Resources

- A. NorthWestern Energy Code of Conduct and Ethics
- B. Electronic Communications Policy
- C. Records Management Policy
- D. Legal Hold Guidelines