

MUTUAL CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Mutual Confidentiality and Non-Disclosure Agreement (Agreement) is entered into as of this 14th day of Feb, 2011 by and between NorthWestern Corporation, a Delaware corporation, doing business as NorthWestern Energy (NorthWestern) with offices at 40 East Broadway, Butte, Montana, 59701 and Bonneville Power Administration, a federal agency (BPA), with offices at 7500 NE 41st Street – Suite 130, Vancouver, Washington 98662-7905 (together with NorthWestern, the "Parties").

WHEREAS the Parties may enter into discussions concerning a possible business relationship or transaction(s) relating to the planning, construction, and use of facilities for transmission service between Montana and southern Idaho, and may determine at some point to enter into such a relationship or transaction(s) (the "Potential Transaction");

WHEREAS to further these ends, NorthWestern and BPA may, from time to time, receive a disclosure of confidential or proprietary information from the other Party or the other Party's agents, consultants or affiliates for the purpose of enabling such Party to evaluate the Potential Transaction(s) and perform there under; and

WHEREAS the Parties agree that each Party's information is the proprietary and confidential property of the disclosing Party.

NOW, THEREFORE, based on the mutual covenants of the Parties and other good and valuable consideration, the sufficiency of which is expressly acknowledged and accepted by the Parties, the Parties agree to hold in confidence and to refrain from the unauthorized use of any confidential or proprietary information of the other Party as set forth below:

1. Confidential Information.

(a) As used herein, "Confidential Information" shall mean all information, data, and knowledge (whether in the form of documents or other written material, electronic, or magnetic recording or memory, know-how, or otherwise) that is delivered or disclosed pursuant to this Agreement by a Party concerning the business and affairs of a Party, including, but not limited to, any and all proprietary information, trade secrets, product specifications, data, know how, formulae, processes, designs, sketches, photographs, samples, inventories, past, current and planned research and development, current and planned business methods and processes, computer software and data base technologies, systems, structures and architectures, policies and procedures; concepts; tools; techniques; contracts; business records; marketing information and plans; demographic information; financial and accounting data and projections; pricing data; operations; inventory; sales; costs; employees; vendors; suppliers; expansion plans; lawsuits and/or claims; management philosophy; and customer information; whether furnished or learned before or after the date hereof, whether oral, written or electronic, and regardless of the manner or form in which it is furnished and learned, and includes any such information received from Representatives (as defined below) of the Parties. The term "document," as used herein,

shall include, without limitation, any writing, letter, memorandum (internal or otherwise), tape, disk, or other electronic or magnetic recording, chart, graph, blueprint, picture, and financial statements or data.

(b) The term "Confidential Information" shall not include information, data, or knowledge that (i) was in the receiving Party's possession prior to disclosure hereunder; (ii) was in the public domain prior to disclosure to the receiving Party; (iii) entered the public domain through no violation of this agreement after disclosure to the receiving Party; (iv) was received by the receiving Party from a third party unless the receiving Party has actual knowledge that the third party is subject to a confidentiality agreement prohibiting disclosure of such information; (v) was or is independently developed by the receiving Party without reliance upon Confidential Information; or (vi) information approved for disclosure or release by the receiving Party by written authorization from the disclosing Party.

2. Non-Use and Non-Disclosure.

(a) Subject to Section 2(b), each Party agrees to, except as obligated by any applicable law, rule, regulation, compulsory legal process, stock exchange rule or disclosure requirement of the U.S. Securities and Exchange Commission or the Freedom of Information Act, 5 U.S.C. § 552, as amended, or any other government agency with authority and jurisdiction (collectively, the "Law") (i) hold Confidential Information of the other Party in confidence and refrain from disclosing Confidential Information of the other Party, or transmitting any documents or copies containing Confidential Information of the other party, to any other person or entity except as permitted under the terms of this Agreement, (ii) use the Confidential Information solely for the purpose of evaluating whether to enter into the Potential Transaction and, if such Potential Transaction is ultimately consummated, how to effect such Potential Transaction and (iii) except as required by Law, refrain from disclosing any Confidential Information of the other Party or information about the Potential Transaction, or the terms or conditions or any other facts relating thereto, including, without limitation, the fact that discussions are taking place with respect thereto, the status thereof, or the fact that the Confidential Information has been made available to the receiving Party or its Representatives, except to its affiliates and its and their directors, officers, employees, agents and representatives (including, without limitation, financial advisors, outside attorneys, accountants and consultants) (collectively the "Representatives") who need such information for the purpose of exploring or carrying out the Potential Transaction (and the receiving Party shall require each such Representative to agree to be bound by the provisions of this Agreement and the receiving Party shall be liable for any breach of the terms of this Agreement by its Representatives). Each Party shall use at least the standard of care with respect to protecting Confidential Information of the other Party that it accords its own confidential and Confidential Information, but in no event less than reasonable care.

(b) The restrictions on use in the immediately preceding paragraph shall specifically preclude the receiving Party from using any Confidential Information to its advantage under any existing contractual relationship between the Parties.

3. Exceptions for Compelled Disclosures.

(a) In the event that a receiving Party or any of its Representatives is legally compelled, pursuant to subpoena, civil investigative demand, regulatory demand or similar process or pursuant to applicable Law, to disclose any Confidential Information or any other information concerning the other Party or the Potential Transaction, the receiving Party shall provide the disclosing Party with prompt notice of such request or requirement as well as a copy of the text of the proposed disclosure as far in advance of its disclosure as is reasonably practicable, and will in good faith consult with and consider the suggestions of the disclosing Party concerning the nature and scope of the information the receiving Party proposes to disclose. The disclosing Party may seek appropriate protective orders or other remedy, may consult with the receiving Party with respect to the disclosing Party's taking steps to resist or narrow the scope of such request or legal process, or may waive compliance, in whole or in part, with the terms of this agreement. The receiving Party agrees to take all reasonable steps to cooperate fully with and not to oppose any action by the disclosing Party to obtain a protective order or other appropriate remedy.

(b) The Parties acknowledge that certain public disclosures may be necessary to facilitate the Potential Transaction. In the event a receiving Party desires to publicly disclose certain Confidential Information as part of a public process to inform customers as to the Receiving Party's estimated capital costs and capacity allocations associated with the Potential Transaction, the Party seeking to disclose such Confidential Information shall obtain the prior written consent of the other Party, which will not be unreasonably withheld.

(c) Neither Party shall use any Confidential Information of the other in connection with or for the purpose of competing, directly or indirectly, with the disclosing Party in the disclosing Party's line of business or in a line of business entered into by the disclosing Party during the term of this Agreement.

(d) The Parties acknowledge that information concerning their existing business opportunities, and the Potential Transaction, as well as plans for future projects is the property of the respective disclosing Party who brought such Confidential Information to the awareness of the other Party; accordingly, the Parties agree not to use any Confidential Information to circumvent, exclude, minimize, undermine or by-pass in any manner the business of the other within the State of Montana, for a period of three (3) years from the date of this Agreement, regardless of whether or not a contractual arrangement to give effect to a Potential Transaction is realized.

(e) Nothing in subsections (c) or (d) of this section is intended to, and shall not, limit in any way each Party's ability to provide transmission service under, or carry out any of the other provisions of, its respective transmission tariffs, or to carry out its obligations under applicable law.

4. Ownership and Implied Rights.

All Confidential Information shall remain the sole and exclusive property of the disclosing Party and nothing in this Agreement, or any course of conduct between the Parties shall be deemed to grant to the receiving Party any license or rights in or to the Confidential Information of the disclosing Party, or any part thereof.

5. Restrictions on Copying.

The receiving Party agrees not to make or produce any copies of any document (or any portion thereof), which is part of the Confidential Information other than as required for internal distribution to Representatives as set forth in Paragraph 2(a) above.

6. Return of Materials.

Upon termination of discussions regarding the Potential Transaction, or at the request of the disclosing Party at any time, the receiving Party shall promptly return to the disclosing Party all Confidential Information of the disclosing Party, in whatever format, in the possession or control of the receiving Party, including all originals, copies, reprints and translations thereof and any notes prepared by the receiving Party or its Representatives in connection with the Confidential Information of the disclosing Party; provided, however, that the Recipient may retain, for legal or corporate secretarial purposes only, one copy of its own notes, analyses, reports, board or executive presentations; and *provided that* failure to destroy or return electronic copies of materials or summaries containing or reflecting Confidential Information that are automatically generated through data backup, archiving, and/or other similar systems shall not be deemed to violate this Agreement, so long as the Confidential Information is not disclosed or used in violation of the other terms of this Agreement.

For clarity, the Parties covenant and agree that no Party acquires any intellectual property rights under this Agreement.

7. Term, Termination.

This Agreement shall be effective as of the date hereof and may be terminated by either Party upon ten (10) days written notice given to the other Party, and otherwise will terminate three (3) years after the date hereof. Notwithstanding the preceding sentence, the obligation to protect the confidentiality of Confidential Information received prior to such termination shall survive the termination of this Agreement for a period of three (3) years; provided, however, that the expiration of such period of three (3) years shall not convert Confidential Information into non-Confidential information or otherwise change the character of Confidential Information as all Confidential Information shall retain its Confidential nature until such time as one or more of the exceptions in Section 1(b), Confidential Information, become applicable.

8. Breach, Remedies.

In the event of a Party's breach of its obligations under this Agreement, the non-breaching Party has the right to (i) demand the immediate return of all of its Confidential Information, (ii) recover its actual damages incurred by reason of such breach, including, but not limited to, its attorneys' fees and costs of suit to the extent provided by law. Such actual damages shall under no circumstances include any lost revenue or profits, or any indirect, incidental, consequential, special, exemplary, or punitive damages; (iii) to the extent allowed by law, obtain injunctive relief to prevent such breach or to otherwise specifically enforce the terms of this Agreement, in which, in either event, no bond shall be required, and (iv) pursue any other remedy available at law or in equity. The Parties acknowledge that, under the law in effect as of the effective date of this Agreement, BPA has not by this Agreement waived its sovereign immunity.

9. Governing Law.

This Agreement shall be governed by and construed in accordance with Federal law. To the extent that no Federal law applies, this Agreement shall be governed by and construed in accordance with the laws of the State of Montana. To the extent permitted by law, any litigation between the Parties arising out of or relating to this Agreement will be conducted in federal courts in the State of Montana.

10. Waiver, Severability.

Any failure by a Party to insist upon the performance of this Agreement or any part thereof shall not constitute a waiver of any right under this Agreement. No waiver of any provision of this Agreement shall be effective unless in writing and executed by the Party waiving the right. If any provision of this Agreement or the application thereof to any person or circumstance shall, for any reason or to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the fullest extent permitted by law.

11. Accuracy of Confidential Information.

(a) Neither Party makes any express or implied representation or warranty as to the accuracy or completeness of Confidential Information disclosed to the other Party. Neither Party nor their Representatives shall be subject to any liability resulting from the use of its Confidential Information by the other Party or its Representatives or for any errors therein or omissions therefrom. Each Party agrees that it is not entitled to rely on the accuracy or completeness of any Confidential Information and that it shall be entitled to rely solely on such representations and warranties regarding Confidential Information as may be made to it in any final agreement relating to the Potential Transaction, subject to the terms and conditions of such agreement.

(b) Each Party acknowledges that the restrictions set forth herein are fair and reasonable and are necessary in order to protect the business of the other Party and the confidential nature of the Confidential Information of the other Party. Each Party further acknowledges that the Confidential Information of the other Party is unique to the business of the other Party and would not be revealed to it were it not for its willingness to agree to the restrictions set forth herein.

12. Notices.

Any notice required or permitted to be given in writing under this Agreement shall be mailed by certified mail, postage prepaid, return receipt requested, or sent by overnight air courier service, or personally delivered, or sent by facsimile, and any such notice shall be deemed given (a) when received if personally delivered or sent by overnight air courier service, (b) on the date of transmission if sent by facsimile transmission or (c) three business days after being deposited in the U.S. mail, certified, postage prepaid and return receipt requested. All such communications shall be mailed, sent or delivered, addressed to the Party for whom it is intended, directed as follows:

NorthWestern Energy

40 East Broadway Street
Butte, MT 59701-9394
Attention: Tom Loberg
Telephone: (406) 497-3361
Facsimile: (406) 497-2048

Bonneville Power Administration

7500 NE 41st Street, Suite 130
PO Box 61409 (TSE-TPP-2)
Vancouver, WA 98666
Attention: Brian Altman
Telephone: (360) 619-6003
Facsimile: (360) 619-6940

A Party may change its address, phone number or fax number hereunder from time to time by giving written notice of such to the other Party.

13. Binding Effect, Assignment.

This Agreement and its rights, privileges, duties and obligations shall inure to the benefit of and be binding upon each of the Parties hereto, together with their respective successors and permitted assigns. No Party may assign all or any part of this Agreement without the other Party's prior written consent, which consent shall not be unreasonably withheld or denied.

14. No Joint Venture/Partnership.

The Parties are exchanging Confidential Information for the limited purposes of facilitating discussion related to the Potential Transaction. The Parties agree that, no partnership, joint venture, or other formal business relationship exists between the Parties and will not exist absent the execution of a definitive agreement. Nothing in this Agreement shall be construed as creating or establishing any partnership, joint venture, or other formal business relationship. Further, the Parties agree that this Agreement shall not be construed as establishing, creating, conveying, or otherwise transferring any interest in either Party's respective businesses to the other Party.

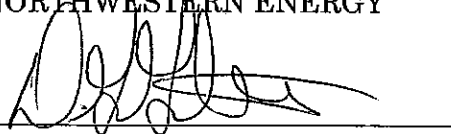
15. Entire Agreement, Counterparts.

This Agreement contains the entire agreement between the Parties concerning the subject matter hereof and supersedes all prior written or oral agreements between said Parties with respect to said subject matter. No modifications of this Agreement shall be binding on the Parties unless in writing by the Parties hereto. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement on the day and year first above written.

NORTHWESTERN CORPORATION
D/B/A NORTHWESTERN ENERGY

By:



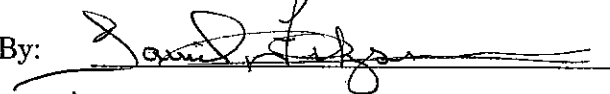
Name: D.G. GATES
(Print/Type)

Title: V.P. NORTHWESTERN CORP

Date: 2-14-11

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By:



Name: ^{for}Brian D. Altman
(Print/Type)

Title: Transmission Account Executive

Date: 2/10/2011

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