UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 000-56598
Commission File Number: 1-10499

NORTHWESTERN ENERGY GROUP, INC.
NORTHWESTERN CORP

(Exact name of registrant as specified in its charter)

Delaware (NorthWestern Energy Group, Inc.)	**93-2020320**
Delaware (NorthWestern Corporation)	**46-0172280**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3010 W. 69th Street	**Sioux Falls**	**South Dakota**	**57108**
(Address of principal executive offices)			(Zip Code)

Registrant's telephone number, including area code: 605 - 978-2900

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

NorthWestern Energy Group, Inc.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	NWE	Nasdaq Stock Market LLC

NorthWestern Corporation

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

NorthWestern Energy Group, Inc. Yes x No o
NorthWestern Corporation. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
NorthWestern Energy Group, Inc. Yes x No o
NorthWestern Corporation Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non- accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

NorthWestern Energy Group, Inc.

Large Accelerated Filer	☒	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐

NorthWestern Corporation

Large Accelerated Filer	☒	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
NorthWestern Energy Group, Inc. Yes ☐ No ☒
NorthWestern Corporation. Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

Common Stock, Par Value $0.01 , 61,242,238 shares outstanding at October 20, 2023

NORTHWESTERN ENERGY GROUP, INC.

FORM 10-Q

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EXPLANATORY NOTE

On October 2, 2023, NorthWestern Corporation ("Old NWE") created a new public holding company, NorthWestern Energy Group, Inc. ("New NWE"), by implementing a holding company reorganization (the "Merger"). Following the Merger, New NWE became the successor issuer to Old NWE pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In the early part of 2024, New NWE and Old NWE intend to complete the second and final phase of the holding company reorganization, when Old NWE proposes to contribute the assets and liabilities of its South Dakota and Nebraska regulated utilities to its direct subsidiary, NorthWestern Energy Public Service Corporation ("NPS"), and then distribute its equity interest in NPS and certain other subsidiaries to New NWE, resulting in Old NWE owning and operating the Montana regulated utility and NPS owning and operating the South Dakota and Nebraska utilities, each as a direct subsidiary of New NWE.

On October 2, 2023, Old NWE implemented the Merger pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of October 2, 2023, by and among Old NWE, New NWE and NorthWestern Energy Merger Company, a Delaware corporation ("Merger Sub"), which resulted in New NWE owning all of the outstanding capital stock of Old NWE. Pursuant to the Merger, Merger Sub, a direct, wholly-owned subsidiary of New NWE and an indirect, wholly-owned subsidiary of Old NWE, merged with and into Old NWE, with Old NWE surviving as a direct, wholly-owned subsidiary of New NWE. Each share of Old NWE stock issued and outstanding immediately prior to the Merger automatically converted into an equivalent corresponding share of New NWE stock, having the same designations, rights, powers and preferences and the qualifications, limitations and restrictions as the corresponding share of Old NWE stock being converted. Accordingly, upon consummation of the Merger, Old NWE's stockholders immediately prior to the consummation of the Merger became stockholders of New NWE. The stockholders of Old NWE will not recognize gain or loss for U.S. federal income tax purposes upon the conversion of their shares in the Merger. Following the completion of the holding company reorganization, New NWE expects its business to be conducted through Old NWE and NPS and does not expect to have substantial assets or liabilities, other than through its investments in Old NWE and NPS.

As a result of the Merger, New NWE became the successor issuer to Old NWE pursuant to 12g-3(a) of the Exchange Act and as a result the New NWE Common Stock is deemed registered under Section 12(b) of the Exchange Act. This Quarterly Report on Form 10-Q pertains to the business and results of operations of NorthWestern Corporation (Old NWE) for its quarter ended September 30, 2023, and all data, discussions or references to other periods prior to the effectiveness of the Merger pertain to Old NWE. At the effective time of the Merger, both Old NWE and New NWE were, and remain, public registrants and New NWE began to conduct its operations through Old NWE. As such, we have elected to co-file this Quarterly Report on Form 10-Q to ensure continuity of information to investors. For additional information on our holding company reorganization, please see the Old NWE Form 8-K filed on October 2, 2023 and the New NWE Form 8-K filed on October 2, 2023 .

Throughout this Quarterly Report on Form 10-Q, unless the context requires otherwise, "the Company", "we", "us" and "our" refer to NorthWestern Corporation (Old NWE) through September 30, 2023. Forward-looking references to dates and periods occurring on or after October 2, 2023 are references to NorthWestern Energy Group, Inc. (New NWE). References to "shares" and "shareholders" refer to shares and shareholders of Old NWE prior to the effective date of the Merger and of New NWE on or after the effective date of the Merger.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

On one or more occasions, we may make statements in this Quarterly Report on Form 10-Q regarding our assumptions, projections, expectations, targets, intentions or beliefs about future events. All statements other than statements of historical facts, included or incorporated by reference in this Quarterly Report, relating to our current expectations of future financial performance, continued growth, changes in economic conditions or capital markets and changes in customer usage patterns and preferences are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Words or phrases such as “anticipates," “may," “will," “should," “believes," “estimates," “expects," “intends," “plans," “predicts," “projects," “targets," “will likely result," “will continue" or similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed. We caution that while we make such statements in good faith and believe such statements are based on reasonable assumptions, including without limitation, our examination of historical operating trends, data contained in records and other data available from third parties, we cannot assure you that we will achieve our projections. Factors that may cause such differences include, but are not limited to:

- adverse determinations by regulators, as well as potential adverse federal, state, or local legislation or regulation, including costs of compliance with existing and future environmental requirements, could have a material effect on our liquidity, results of operations and financial condition;
- the impact of extraordinary external events and natural disasters, such as a wide-spread or global pandemic, geopolitical events, earthquake, flood, drought, lightning, weather, wind, and fire, could have a material effect on our liquidity, results of operations and financial condition;
- acts of terrorism, cybersecurity attacks, data security breaches, or other malicious acts that cause damage to our generation, transmission, or distribution facilities, information technology systems, or result in the release of confidential customer, employee, or Company information;
- supply chain constraints, recent high levels of inflation for product, services and labor costs, and their impact on capital expenditures, operating activities, and/or our ability to safely and reliably serve our customers;
- changes in availability of trade credit, creditworthiness of counterparties, usage, commodity prices, fuel supply costs or availability due to higher demand, shortages, weather conditions, transportation problems or other developments, may reduce revenues or may increase operating costs, each of which could adversely affect our liquidity and results of operations;
- unscheduled generation outages or forced reductions in output, maintenance or repairs, which may reduce revenues and increase operating costs or may require additional capital expenditures or other increased operating costs; and
- adverse changes in general economic and competitive conditions in the U.S. financial markets and in our service territories.

We have attempted to identify, in context, certain of the factors that we believe may cause actual future experience and results to differ materially from our current expectation regarding the relevant matter or subject area. In addition to the items specifically discussed above, our business and results of operations are subject to the uncertainties described under the caption “Risk Factors” which is part of the disclosure included in Part II, Item 1A of this Quarterly Report on Form 10-Q.

From time to time, oral or written forward-looking statements are also included in our reports on Forms 10-K, 10-Q and 8-K, Proxy Statements on Schedule 14A, press releases, analyst and investor conference calls, and other communications released to the public. We believe that at the time made, the expectations reflected in all of these forward-looking statements are and will be reasonable. However, any or all of the forward-looking statements in this Quarterly Report on Form 10-Q, our reports on Forms 10-K and 8-K, our other reports on Form 10-Q, our Proxy Statements on Schedule 14A and any other public statements that are made by us may prove to be incorrect. This may occur as a result of assumptions, which turn out to be inaccurate, or as a consequence of known or unknown risks and uncertainties. Many factors discussed in this Quarterly Report on Form 10-Q, certain of which are beyond our control, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion of any of our forward-looking statements in this Quarterly Report on Form 10-Q or other public communications as a representation by us that our plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent reports filed with the Securities and Exchange Commission (SEC) on Forms 10-K, 10-Q and 8-K and Proxy Statements on Schedule 14A.

Unless the context requires otherwise, references through September 30, 2023 to "we," "us," "our," "NorthWestern Energy," and "NorthWestern" refer specifically to NorthWestern Corporation and its subsidiaries, and forward-looking references to dates and periods occurring on or after October 2, 2023 to "we," "us," "our," "NorthWestern Energy Group," "NorthWestern Energy," and "NorthWestern" refer specifically to NorthWestern Energy Group, Inc. and its subsidiaries.

ITEM 1. FINANCIAL STATEMENTS

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Electric	$ 280,030	$ 292,270	$ 804,604	$ 807,415
Gas	41,060	42,798	261,530	245,139
Total Revenues	321,090	335,068	1,066,134	1,052,554
Operating expenses				
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	88,943	108,920	322,013	338,994
Operating and maintenance	53,240	54,654	163,941	160,785
Administrative and general	29,355	28,146	94,058	87,010
Property and other taxes	41,763	46,466	131,043	140,209
Depreciation and depletion	52,159	48,588	157,787	145,705
Total Operating Expenses	265,460	286,774	868,842	872,703
Operating income	55,630	48,294	197,292	179,851
Interest expense, net	(28,725)	(25,332)	(85,144)	(73,081)
Other income, net	4,127	4,157	12,926	11,791
Income before income taxes	31,032	27,119	125,074	118,561
Income tax (expense) benefit	(1,697)	249	(14,085)	(2,297)
Net Income	$ 29,335	$ 27,368	$ 110,989	$ 116,264
Average Common Shares Outstanding	60,442	56,311	60,011	54,901
Basic Earnings per Average Common Share	$ 0.48	$ 0.48	$ 1.85	$ 2.12
Diluted Earnings per Average Common Share	$ 0.48	$ 0.47	$ 1.85	$ 2.09
Dividends Declared per Common Share	$ 0.64	$ 0.63	$ 1.92	$ 1.89

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Income	$ 29,335	$ 27,368	$ 110,989	$ 116,264
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	(7)	(4)	(10)	(5)
Postretirement medical liability adjustment	(168)	(158)	(502)	(474)
Reclassification of net losses on derivative instruments	113	113	339	339
Total Other Comprehensive Loss	(62)	(49)	(173)	(140)
Comprehensive Income	$ 29,273	$ 27,319	$ 110,816	$ 116,124

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share data)

	September 30, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,091	$ 8,489
Restricted cash	16,549	13,974
Accounts receivable, net	148,043	244,952
Inventories	119,080	107,359
Regulatory assets	41,940	136,009
Prepaid expenses and other	27,651	28,041
Total current assets	**358,354**	**538,824**
Property, plant, and equipment, net	5,932,179	5,657,480
Goodwill	357,586	357,586
Regulatory assets	731,373	716,570
Other noncurrent assets	50,007	47,323
Total Assets	**$ 7,429,499**	**$ 7,317,783**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of finance leases	$ 3,275	$ 3,098
Current portion of long-term debt	99,900	144,525
Accounts payable	119,315	201,498
Accrued expenses and other	315,291	250,579
Regulatory liabilities	31,733	21,145
Total current liabilities	**569,514**	**620,845**
Long-term finance leases	6,327	8,799
Long-term debt	2,544,522	2,474,357
Deferred income taxes	551,221	538,983
Noncurrent regulatory liabilities	671,831	654,213
Other noncurrent liabilities	345,670	355,403
Total Liabilities	**4,689,085**	**4,652,600**
Commitments and Contingencies (Note 10)		
Shareholders' Equity:		
Common stock, par value $ 0.01 ; authorized 200,000,000 shares; issued and outstanding 64,761,918 and 61,241,779 shares, respectively; Preferred stock, par value $ 0.01 ; authorized 50,000,000 shares; none issued	648	633
Treasury stock at cost	(98,122)	(98,392)
Paid-in capital	2,078,554	1,999,376
Retained earnings	767,355	771,414
Accumulated other comprehensive loss	(8,021)	(7,848)
Total Shareholders' Equity	**2,740,414**	**2,665,183**
Total Liabilities and Shareholders' Equity	**$ 7,429,499**	**$ 7,317,783**

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2023	2022
OPERATING ACTIVITIES:		
Net income	$ 110,989	$ 116,264
Items not affecting cash:		
Depreciation and depletion	157,787	145,705
Amortization of debt issuance costs, discount and deferred hedge gain	3,997	4,044
Stock-based compensation costs	5,119	4,324
Equity portion of allowance for funds used during construction	(12,530)	(9,983)
(Gain) loss on disposition of assets	(27)	524
Deferred income taxes	(13,281)	(12,127)
Changes in current assets and liabilities:		
Accounts receivable	96,910	49,522
Inventories	(11,721)	(48,639)
Other current assets	389	(5,139)
Accounts payable	(60,815)	36,064
Accrued expenses and other	65,058	67,636
Regulatory assets	94,069	(20,788)
Regulatory liabilities	10,588	(6,398)
Other noncurrent assets	1,981	8,968
Other noncurrent liabilities	(21,591)	(20,707)
Cash Provided by Operating Activities	**426,922**	**309,270**
INVESTING ACTIVITIES:		
Property, plant, and equipment additions	(407,170)	(386,339)
Investment in equity securities	(3,804)	(914)
Cash Used in Investing Activities	**(410,974)**	**(387,253)**
FINANCING ACTIVITIES:		
Proceeds from issuance of common stock, net	73,613	179,903
Dividends on common stock	(115,048)	(102,980)
Issuance of long-term debt	300,000	—
Line of credit (repayments) borrowings, net	(273,000)	12,000
Other financing activities, net	(2,336)	(977)
Cash (Used in) Provided by Financing Activities	**(16,771)**	**87,946**
(Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(823)	9,963
Cash, Cash Equivalents, and Restricted Cash, beginning of period	22,463	18,762
Cash, Cash Equivalents, and Restricted Cash, end of period	**$ 21,640**	**$ 28,725**
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Income taxes	$ 3,204	$ 9,060
Interest	64,533	60,610
Significant non-cash transactions:		
Capital expenditures included in accounts payable	43,389	26,184
Refinancing of Pollution Control Revenue Refunding Bonds	144,660	—

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,							
	Number of Common Shares	Number of Treasury Shares	Common Stock	Treasury Stock	Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at June 30, 2022	**59,697**	**3,548**	**$ 597**	**$ (98,765)**	**$ 1,820,531**	**$ 749,558**	**$ (7,401)**	**$ 2,464,520**
Net income	—	—	—	—	—	27,368	—	27,368
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(4)	(4)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	113	113
Postretirement medical liability adjustment, net of tax	—	—	—	—	—	—	(158)	(158)
Stock-based compensation	—	—	—	—	2,080	—	—	2,080
Issuance of shares	1,621	(7)	16	187	78,381	—	—	78,584
Dividends on common stock ($ 0.630 per share)	—	—	—	—	—	(35,174)	—	(35,174)
Balance at September 30, 2022	**61,318**	**3,541**	**$ 613**	**$ (98,578)**	**$ 1,900,992**	**$ 741,752**	**$ (7,450)**	**$ 2,537,329**
Balance at June 30, 2023	**63,518**	**3,527**	**$ 635**	**$ (98,302)**	**$ 2,015,367**	**$ 776,983**	**$ (7,959)**	**$ 2,686,724**
Net income	—	—	—	—	—	29,335	—	29,335
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(7)	(7)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	113	113
Postretirement medical liability adjustment, net of tax	—	—	—	—	—	—	(168)	(168)
Stock-based compensation	—	—	—	—	239	—	—	239
Issuance of shares	1,244	(7)	13	180	62,948	—	—	63,141
Dividends on common stock ($ 0.640 per share)	—	—	—	—	—	(38,963)	—	(38,963)
Balance at September 30, 2023	**64,762**	**3,520**	**$ 648**	**$ (98,122)**	**$ 2,078,554**	**$ 767,355**	**$ (8,021)**	**$ 2,740,414**

	Nine Months Ended September 30,							
	Number of Common Shares	Number of Treasury Shares	Common Stock	Treasury Stock	Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 31, 2021	**57,606**	**3,546**	**$ 576**	**$ (98,248)**	**$ 1,716,227**	**$ 728,468**	**$ (7,310)**	**$ 2,339,713**
Net income	—	—	—	—	—	116,264	—	116,264
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(5)	(5)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	339	339
Postretirement medical liability adjustment, net of tax	—	—	—	—	—	—	(474)	(474)
Stock-based compensation	87	16	1	(911)	6,056	—	—	5,146
Issuance of shares	3,625	(21)	36	581	178,709	—	—	179,326
Dividends on common stock ($ 1.890 per share)	—	—	—	—	—	(102,980)	—	(102,980)
Balance at September 30, 2022	**61,318**	**3,541**	**$ 613**	**$ (98,578)**	**$ 1,900,992**	**$ 741,752**	**$ (7,450)**	**$ 2,537,329**
Balance at December 31, 2022	**63,278**	**3,534**	**$ 633**	**$ (98,392)**	**$ 1,999,376**	**$ 771,414**	**$ (7,848)**	**$ 2,665,183**
Net income	—	—	—	—	—	110,989	—	110,989
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(10)	(10)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	339	339
Postretirement medical liability adjustment, net of tax	—	—	—	—	—	—	(502)	(502)
Stock-based compensation	51	—	—	—	4,911	—	—	4,911
Issuance of shares	1,433	(14)	15	270	74,267	—	—	74,552
Dividends on common stock ($ 1.920 per share)	—	—	—	—	—	(115,048)	—	(115,048)
Balance at September 30, 2023	**64,762**	**3,520**	**$ 648**	**$ (98,122)**	**$ 2,078,554**	**$ 767,355**	**$ (8,021)**	**$ 2,740,414**

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Reference is made to Notes to Financial Statements included in the NorthWestern Corporation Annual Report)

(Unaudited)

(1) Nature of Operations and Basis of Consolidation

NorthWestern Energy Group, doing business as NorthWestern Energy, provides electricity and/or natural gas to approximately 764,200 customers in Montana, South Dakota, Nebraska and Yellowstone National Park. We have generated and distributed electricity in South Dakota and distributed natural gas in South Dakota and Nebraska since 1923 and have generated and distributed electricity and distributed natural gas in Montana since 2002.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires us to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited Condensed Consolidated Financial Statements (Financial Statements) reflect all adjustments (which unless otherwise noted are normal and recurring in nature) that are, in our opinion, necessary to fairly present our financial position, results of operations and cash flows. The actual results for the interim periods are not necessarily indicative of the operating results to be expected for a full year or for other interim periods. Events occurring subsequent to September 30, 2023 have been evaluated as to their potential impact to the Financial Statements through the date of issuance.

The Financial Statements included herein have been prepared by NorthWestern, without audit, pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations; however, we believe that the condensed disclosures provided are adequate to make the information presented not misleading. We recommend that these Financial Statements be read in conjunction with the audited financial statements and related footnotes included in the NorthWestern Corporation Annual Report on Form 10-K for the year ended December 31, 2022 .

Holding Company Reorganization

On October 2, 2023, NorthWestern Corporation and NorthWestern Energy Group completed the reorganization into a holding company structure. In this reorganization, shareholders of Northwestern Corporation (the predecessor publicly held parent company) became shareholders of Northwestern Energy Group, maintaining the same number of shares and ownership percentage as held in Northwestern Corporation immediately prior to the reorganization. Northwestern Corporation became a wholly-owned subsidiary of Northwestern Energy Group. The transaction was effected pursuant to a merger pursuant to Section 251(g) of the General Corporation Law of the State of Delaware, which provides for the formation of a holding company without a vote of the shareholders of the constituent corporation. Immediately after consummation of the reorganization, NorthWestern Energy Group had, on a consolidated basis, the same assets, businesses and operations as NorthWestern Corporation had immediately prior to the consummation of the reorganization. As a result of the reorganization, NorthWestern Energy Group became the successor issuer to NorthWestern Corporation pursuant to Rule 12g-3(a) of the Securities Exchange Act of 1934, and as a result, NorthWestern Energy Group's common stock was deemed registered under Section 12(b) of the Securities Exchange Act of 1934. In the early part of 2024, we intend to complete the second and final phase of the holding company reorganization which will result in the South Dakota and Nebraska regulated utilities business becoming a separate direct subsidiary of NorthWestern Energy Group. This is planned to be accomplished through Northwestern Corporation contributing the assets and liabilities of its South Dakota and Nebraska regulated utilities to its direct subsidiary, Northwestern Energy Public Service Corporation (NPS), and then distributing its equity interest in NPS and certain other subsidiaries to Northwestern Energy Group, resulting in Northwestern Corporation owning and operating only the Montana regulated utility and NPS owning and operating the Nebraska and South Dakota utilities, each as a direct subsidiary of Northwestern Energy Group.

The accompanying consolidated financial statements represent the consolidated results of NorthWestern Corporation and all companies NorthWestern Corporation directly or indirectly controlled, either through majority ownership or otherwise as of September 30, 2023.

Supplemental Cash Flow Information

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Condensed Consolidated Statements of Cash Flows (in thousands):

	September 30, 2023	December 31, 2022	September 30, 2022	December 31, 2021
Cash and cash equivalents	$ 5,091	$ 8,489	$ 9,069	$ 2,820
Restricted cash	16,549	13,974	19,656	15,942
Total cash, cash equivalents, and restricted cash shown in the Condensed Consolidated Statements of Cash Flows	$ 21,640	$ 22,463	$ 28,725	$ 18,762

Goodwill

We completed our annual goodwill impairment test as of April 1, 2023. We evaluated qualitative factors (including macroeconomic conditions, industry and market considerations, cost factors, and overall financial performance) to determine whether it was more likely than not that the fair value of our reporting units was less than its carrying amount. Our evaluation of these factors concluded that it was not more likely than not that the fair value of our reporting units was less than its carrying amount and therefore no further testing was necessary.

(2) Regulatory Matters

Except as set forth below, the circumstances set forth in Note 3 - Regulatory Matters to the financial statements included in the NorthWestern Corporation Annual Report on the Form 10-K for the year ended December 31, 2022 appropriately represent, in all material respects, the current status of our regulatory matters.

Montana Rate Review

On August 8, 2022, we filed a Montana electric and natural gas rate review with the Montana Public Service Commission (MPSC) under Docket 2022.07.78 requesting an annual increase to electric and natural gas utility rates. On October 25, 2023, the MPSC held a work session and approved the settlement agreement filed April 3, 2023. We expect final rates, adjusting from interim to settled rates, to be effective November 1, 2023. The details of our settlement agreement are set forth below:

Returns, Capital Structure & Revenue Increase Resulting From Approved Settlement Agreement ($ in millions)

	Electric	Natural Gas
Return on Equity (ROE)	9.65 %	9.55 %
Equity Capital Structure	48.02 %	48.02 %
Base Rates	$ 67.4	$ 14.1
Power Cost & Credit Mechanism (PCCAM) (1)	$ 69.7	n/a
Property Tax (tracker base adjustment) (1)	$ 14.5	$ 4.2
Total Revenue Increase Through Approved Settlement Agreement	$ 151.6	$ 18.3

(1) These items are flow-through costs. PCCAM reflects our fuel and purchased power costs.

The approved settlement includes, among other things, agreement on electric and natural gas base revenue increases, allocated cost of service, rate design, updates to the base amount of revenues associated with property taxes and electric supply costs, and regulatory policy issues related to requested changes in regulatory mechanisms.

The approved settlement agreement provides for an update to the PCCAM by adjusting the base costs from $ 138.7 million to $ 208.4 million and providing for more timely quarterly recovery of deferred balances instead of annual recovery. It also addresses the potential for future recovery of certain operating costs associated with the Yellowstone County Generating Station and provides for the deferral of incremental operating costs related to our Enhanced Wildfire Mitigation Plan. The settling parties agreed to terminate the pilot decoupling program (Fixed Cost Recovery Mechanism) and that the proposed business technology rider will not be implemented.

South Dakota Electric Rate Review

On June 15, 2023, we filed a South Dakota electric rate review filing (2022 test year) under Docket EL23-016 for an annual increase to electric rates totaling approximately $ 30.9 million. Our request was based on a ROE of 10.7 percent, a capital structure including 50.5 percent equity, and rate base of $ 787.3 million .

(3) Income Taxes

We compute income tax expense for each quarter based on the estimated annual effective tax rate for the year, adjusted for certain discrete items. Our effective tax rate typically differs from the federal statutory tax rate due to the regulatory impact of flowing through the federal and state tax benefit of repairs deductions, state tax benefit of accelerated tax depreciation deductions (including bonus depreciation when applicable) and production tax credits. The regulatory accounting treatment of these deductions requires immediate income recognition for temporary tax differences of this type, which is referred to as the flow-through method. When the flow-through method of accounting for temporary differences is reflected in regulated revenues, we record deferred income taxes and establish related regulatory assets and liabilities.

The following table summarizes the differences between our effective tax rate and the federal statutory rate (in thousands):

	Three Months Ended September 30,			
	2023		2022	
Income before income taxes	$ 31,032		$ 27,119	
Income tax calculated at federal statutory rate	6,516	21.0 %	5,697	21.0 %
Permanent or flow-through adjustments:				
State income tax, net of federal provisions	121	0.4	145	0.5
Flow-through repairs deductions	(4,189)	(13.5)	(3,374)	(12.4)
Production tax credits	(1,261)	(4.1)	(1,668)	(6.2)
Amortization of excess deferred income tax	(323)	(1.0)	(246)	(0.9)
Income tax return to accrual adjustment	411	1.3	(926)	(3.4)
Plant and depreciation flow-through items	358	1.2	266	1.0
Other, net	64	0.2	(143)	(0.5)
	(4,819)	(15.5)	(5,946)	(21.9)
Income tax expense (benefit)	$ 1,697	5.5 %	$ (249)	(0.9)%

	Nine Months Ended September 30,			
	2023		2022	
Income before income taxes	$ 125,074		$ 118,561	
Income tax calculated at federal statutory rate	26,265	21.0 %	24,897	21.0 %
Permanent or flow through adjustments:				
State income, net of federal provisions	1,353	1.1	976	0.8
Flow-through repairs deductions	(11,742)	(9.4)	(13,488)	(11.4)
Production tax credits	(5,607)	(4.5)	(8,050)	(6.8)
Amortization of excess deferred income tax	(1,355)	(1.1)	(819)	(0.7)
Reduction to previously claimed alternative minimum tax credit	3,186	2.5	—	—
Plant and depreciation flow through items	1,247	1.0	409	0.3
Income tax return to accrual adjustment	411	0.3	(926)	(0.8)
Share-based compensation	388	0.3	(253)	(0.2)
Other, net	(61)	0.1	(449)	(0.3)
	(12,180)	(9.7)	(22,600)	(19.1)
Income tax expense	$ 14,085	11.3 %	$ 2,297	1.9 %

Uncertain Tax Positions

We recognize tax positions that meet the more-likely-than-not threshold as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. We had unrecognized tax benefits of approximately $ 29.1 million as of September 30, 2023, including approximately $ 27.8 million that, if recognized, would impact our effective tax rate.

On April 14, 2023, the Internal Revenue Service (IRS) issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. We are currently evaluating the safe harbor and, if adopted, would decrease our total unrecognized tax benefits by $ 0.5 million and recognize an income tax benefit of approximately $ 3.2 million for previously unrecognized tax benefits in the fourth quarter of 2023. Inclusive of the safe harbor impacts, we anticipate that by the end of 2024, total unrecognized tax benefits will decrease by approximately $ 17.4 million and that we will recognize an income tax benefit of approximately $ 20.1 million.

Our policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. As of September 30, 2023, we have accrued $ 2.4 million for the payment of interest and penalties on the Condensed Consolidated Balance Sheets. As of December 31, 2022, we had accrued $ 1.4 million for the payment of interest and penalties on the Condensed Consolidated Balance Sheets.

Tax years 2019 and forward remain subject to examination by the IRS and state taxing authorities. During the first quarter of 2023 the IRS commenced and concluded a limited scope examination of our 2019 amended federal income tax return. This examination resulted in a reduction to our previously claimed alternative minimum tax credit refund that is reflected in the table above.

(4) Comprehensive (Loss) Income

The following tables display the components of Other Comprehensive (Loss) Income, after-tax, and the related tax effects (in thousands):

	Three Months Ended					
	September 30, 2023			September 30, 2022		
	Before-Tax Amount	Tax Expense	Net-of-Tax Amount	Before-Tax Amount	Tax Expense	Net-of-Tax Amount
Foreign currency translation adjustment	$ (7)	$ —	$ (7)	$ (4)	$ —	$ (4)
Reclassification of net income on derivative instruments	153	(40)	113	153	(40)	113
Postretirement medical liability adjustment	(212)	44	(168)	(212)	54	(158)
Other comprehensive (loss) income	$ (66)	$ 4	$ (62)	$ (63)	$ 14	$ (49)

	Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Before-Tax Amount	Tax Expense	Net-of-Tax Amount	Before-Tax Amount	Tax Expense	Net-of-Tax Amount
Foreign currency translation adjustment	$ (10)	$ —	$ (10)	$ (5)	$ —	$ (5)
Reclassification of net income on derivative instruments	459	(120)	339	459	(120)	339
Postretirement medical liability adjustment	(636)	134	(502)	(636)	162	(474)
Other comprehensive (loss) income	$ (187)	$ 14	$ (173)	$ (182)	$ 42	$ (140)

Balances by classification included within accumulated other comprehensive loss (AOCL) on the Condensed Consolidated Balance Sheets are as follows, net of tax (in thousands):

	September 30, 2023	December 31, 2022
Foreign currency translation	$ 1,425	$ 1,435
Derivative instruments designated as cash flow hedges	(9,486)	(9,825)
Postretirement medical plans	40	542
Accumulated other comprehensive loss	$ (8,021)	$ (7,848)

The following tables display the changes in AOCL by component, net of tax (in thousands):

		Three Months Ended September 30, 2023			
	Affected Line Item in the Condensed Consolidated Statements of Income	Interest Rate Derivative Instruments Designated as Cash Flow Hedges	Postretirement Medical Plans	Foreign Currency Translation	Total
Beginning balance		$ (9,599)	$ 208	$ 1,432	$ (7,959)
Other comprehensive loss before reclassifications		—	—	(7)	(7)
Amounts reclassified from AOCL	Interest Expense	113	—	—	113
Amounts reclassified from AOCL		—	(168)	—	(168)
Net current-period other comprehensive income (loss)		113	(168)	(7)	(62)
Ending balance		$ (9,486)	$ 40	$ 1,425	$ (8,021)

	Affected Line Item in the Condensed Consolidated Statements of Income	Three Months Ended September 30, 2022			
		Interest Rate Derivative Instruments Designated as Cash Flow Hedges	Postretirement Medical Plans	Foreign Currency Translation	Total
Beginning balance		$ (10,051)	$ 1,208	$ 1,442	$ (7,401)
Other comprehensive loss before reclassifications		—	—	(4)	(4)
Amounts reclassified from AOCL	Interest Expense	113	—	—	113
Amounts reclassified from AOCL		—	(158)	—	(158)
Net current-period other comprehensive income (loss)		113	(158)	(4)	(49)
Ending balance		$ (9,938)	$ 1,050	$ 1,438	$ (7,450)

	Affected Line Item in the Condensed Consolidated Statements of Income	Nine Months Ended September 30, 2023			
		Interest Rate Derivative Instruments Designated as Cash Flow Hedges	Pension and Postretirement Medical Plans	Foreign Currency Translation	Total
Beginning balance		$ (9,825)	$ 542	$ 1,435	$ (7,848)
Other comprehensive loss before reclassifications		—	—	(10)	(10)
Amounts reclassified from AOCL	Interest Expense	339	—	—	339
Amounts reclassified from AOCL		—	(502)	—	(502)
Net current-period other comprehensive income (loss)		339	(502)	(10)	(173)
Ending balance		$ (9,486)	$ 40	$ 1,425	$ (8,021)

	Affected Line Item in the Condensed Consolidated Statements of Income	Nine Months Ended September 30, 2022 Interest Rate Derivative Instruments Designated as Cash Flow Hedges	Pension and Postretirement Medical Plans	Foreign Currency Translation	Total
Beginning balance		$ (10,277)	$ 1,524	$ 1,443	$ (7,310)
Other comprehensive loss before reclassifications		—	—	(5)	(5)
Amounts reclassified from AOCL	Interest Expense	339	—	—	339
Amounts reclassified from AOCL		—	(474)	—	(474)
Net current-period other comprehensive income (loss)		339	(474)	(5)	(140)
Ending balance		$ (9,938)	$ 1,050	$ 1,438	$ (7,450)

(5) Financing Activities

On March 30, 2023, we issued and sold $ 239.0 million aggregate principal amount of Montana First Mortgage Bonds at a fixed interest rate of 5.57 percent maturing on March 30, 2033 . On this same day, we issued and sold $ 31.0 million aggregate principal amount of South Dakota First Mortgage Bonds at a fixed interest rate of 5.57 percent maturing on March 30, 2033 . On May 1, 2023, we issued and sold an additional $ 30.0 million aggregate principal amount of South Dakota First Mortgage Bonds at a fixed interest rate of 5.42 percent maturing on May 1, 2033 . These bonds were issued in transactions exempt from the registration requirements of the Securities Act of 1933. Proceeds were used to repay a portion of our outstanding borrowings under our revolving credit facilities and for other general corporate purposes. The bonds are secured by our electric and natural gas assets in Montana and South Dakota.

Pursuant to the NorthWestern Corporation Equity Distribution Agreement we have offered and sold shares of our common stock through an At-the-Market (ATM) offering program. During the three months ended September 30, 2023, we issued 1,244,056 shares of common stock under the ATM program at an average price of $ 51.14 per share, for net proceeds of $ 62.8 million which is net of sales commissions and other fees paid of approximately $ 0.8 million. During the nine months ended September 30, 2023, we issued 1,432,738 shares of common stock under the ATM program at an average price of $ 52.02 per share, for net proceeds of $ 73.6 million which is net of sales commissions and other fees paid of approximately $ 0.9 million. As of September 30, 2023, we have completed the ATM offering program under this Equity Distribution Agreement.

On June 29, 2023, the City of Forsyth, Rosebud County, Montana issued $ 144.7 million principal amount of Pollution Control Revenue Refunding Bonds (2023 Pollution Control Bonds) on our behalf. The 2023 Pollution Control Bonds were issued at a fixed interest rate of 3.88 percent maturing on July 1, 2028 . The proceeds of the issuance were loaned to us pursuant to a Loan Agreement and were deposited directly with U.S. Bank Trust Company, National Association, as trustee, for the redemption of the 2.00 percent, $ 144.7 million City of Forsyth Pollution Control Revenue Refunding Bonds due on August 1, 2023 that had previously been issued on our behalf. Pursuant to the Loan Agreement, we are obligated to make payments in such amounts and at such times as will be sufficient to pay, when due, the principal and interest on the 2023 Pollution Control Bonds. Our obligations under the Loan Agreement are secured by delivery of a like amount of our Montana First Mortgage Bonds, which are secured by our Montana electric and natural gas assets. So long as we are making payments under the Loan Agreement, no payments under these mortgage bonds will be due. The 2023 Pollution Control Bonds were issued in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended.

(6) Segment Information

Our reportable business segments are primarily engaged in the electric and natural gas business. The remainder of our operations are presented as other, which primarily consists of unallocated corporate costs and unregulated activity.

We evaluate the performance of these segments based on utility margin. The accounting policies of the operating segments are the same as the parent except that the parent allocates some of its operating expenses to the operating segments according to a methodology designed by us for internal reporting purposes and involves estimates and assumptions.

Financial data for the business segments are as follows (in thousands):

Three Months Ended September 30, 2023	Electric	Gas	Other	Eliminations	Total
Operating revenues	$ 280,030	$ 41,060	$ —	$ —	$ 321,090
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	77,995	10,948	—	—	88,943
Utility margin	202,035	30,112	—	—	232,147
Operating and maintenance	39,990	13,250	—	—	53,240
Administrative and general	20,682	8,249	424	—	29,355
Property and other taxes	33,740	9,574	(1,551)	—	41,763
Depreciation and depletion	43,230	8,929	—	—	52,159
Operating income (loss)	64,393	(9,890)	1,127	—	55,630
Interest expense, net	(21,300)	(4,426)	(2,999)	—	(28,725)
Other income (expense), net	3,380	1,328	(581)	—	4,127
Income tax (expense) benefit	(3,223)	(41)	1,567	—	(1,697)
Net income (loss)	$ 43,250	$ (13,029)	$ (886)	$ —	$ 29,335
Total assets	$ 5,963,950	$ 1,454,445	$ 11,104	$ —	$ 7,429,499
Capital expenditures	$ 110,804	$ 46,359	$ —	$ —	$ 157,163

Three Months Ended September 30, 2022	Electric	Gas	Other	Eliminations	Total
Operating revenues	$ 292,270	$ 42,798	$ —	$ —	$ 335,068
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	95,553	13,367	—	—	108,920
Utility margin	196,717	29,431	—	—	226,148
Operating and maintenance	40,914	13,740	—	—	54,654
Administrative and general	20,739	7,934	(527)	—	28,146
Property and other taxes	36,353	10,110	3	—	46,466
Depreciation and depletion	40,647	7,941	—	—	48,588
Operating income	58,064	(10,294)	524	—	48,294
Interest expense, net	(18,225)	(3,238)	(3,869)	—	(25,332)
Other income (expense), net	2,944	1,727	(514)	—	4,157
Income tax (expense) benefit	(1,006)	1,119	136	—	249
Net income (loss)	$ 41,777	$ (10,686)	$ (3,723)	$ —	$ 27,368
Total assets	$ 5,741,879	$ 1,365,896	$ 6,438	$ —	$ 7,114,213
Capital expenditures	$ 122,522	$ 29,379	$ —	$ —	$ 151,901

Nine Months Ended September 30, 2023	Electric	Gas	Other	Eliminations	Total
Operating revenues	$ 804,604	$ 261,530	$ —	$ —	$ 1,066,134
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	198,492	123,521	—	—	322,013
Utility margin	606,112	138,009	—	—	744,121
Operating and maintenance	123,771	40,170	—	—	163,941
Administrative and general	67,285	26,336	437	—	94,058
Property and other taxes	103,013	29,576	(1,546)	—	131,043
Depreciation and depletion	130,447	27,340	—	—	157,787
Operating income	181,596	14,587	1,109	—	197,292
Interest expense, net	(61,584)	(12,167)	(11,393)	—	(85,144)
Other income (expense), net	9,700	3,887	(661)	—	12,926
Income tax expense	(13,366)	(180)	(539)	—	(14,085)
Net income (loss)	$ 116,346	$ 6,127	$ (11,484)	$ —	$ 110,989
Total assets	$ 5,963,950	$ 1,454,445	$ 11,104	$ —	$ 7,429,499
Capital expenditures	$ 326,313	$ 94,212	$ —	$ —	$ 420,525

Nine Months Ended September 30, 2022	Electric	Gas	Other	Eliminations	Total
Operating revenues	$ 807,415	$ 245,139	$ —	$ —	$ 1,052,554
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	230,872	108,122	—	—	338,994
Utility margin	576,543	137,017	—	—	713,560
Operating and maintenance	121,237	39,548	—	—	160,785
Administrative and general	63,591	23,757	(338)	—	87,010
Property and other taxes	109,204	30,998	7	—	140,209
Depreciation and depletion	121,256	24,449	—	—	145,705
Operating income	161,255	18,265	331	—	179,851
Interest expense, net	(56,031)	(9,951)	(7,099)	—	(73,081)
Other income (expense), net	7,245	4,669	(123)	—	11,791
Income tax (expense) benefit	(2,790)	(1,263)	1,756	—	(2,297)
Net income (loss)	$ 109,679	$ 11,720	$ (5,135)	$ —	$ 116,264
Total assets	$ 5,741,879	$ 1,365,896	$ 6,438	$ —	$ 7,114,213
Capital expenditures	$ 312,804	$ 73,535	$ —	$ —	$ 386,339

(7) Revenue from Contracts with Customers

Nature of Goods and Services

We provide retail electric and natural gas services to three primary customer classes. Our largest customer class consists of residential customers, which includes single private dwellings and individual apartments. Our commercial customers consist primarily of main street businesses, and our industrial customers consist primarily of manufacturing and processing businesses that turn raw materials into products.

Electric Segment - Our regulated electric utility business primarily provides generation, transmission, and distribution services to customers in our Montana and South Dakota jurisdictions. We recognize revenue when electricity is delivered to the customer. Payments on our tariff-based sales are generally due 20-30 days after the billing date.

Natural Gas Segment - Our regulated natural gas utility business primarily provides production, storage, transmission, and distribution services to customers in our Montana, South Dakota, and Nebraska jurisdictions. We recognize revenue when natural gas is delivered to the customer. Payments on our tariff-based sales are generally due 20-30 days after the billing date.

Disaggregation of Revenue

The following tables disaggregate our revenue by major source and customer class (in millions):

	Three Months Ended					
	September 30, 2023			September 30, 2022		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Montana	$ 96.8	$ 9.6	$ 106.4	$ 85.2	$ 10.8	$ 96.0
South Dakota	18.0	2.0	20.0	19.0	2.4	21.4
Nebraska	—	2.2	2.2	—	3.2	3.2
Residential	**114.8**	**13.8**	**128.6**	**104.2**	**16.4**	**120.6**
Montana	110.1	6.1	116.2	92.6	7.1	99.7
South Dakota	27.5	1.5	29.0	29.1	2.1	31.2
Nebraska	—	1.3	1.3	—	2.3	2.3
Commercial	**137.6**	**8.9**	**146.5**	**121.7**	**11.5**	**133.2**
Industrial	11.4	0.1	11.5	9.7	0.1	9.8
Lighting, governmental, irrigation, and interdepartmental	13.2	0.2	13.4	12.6	0.2	12.8
Total Customer Revenues	**277.0**	**23.0**	**300.0**	**248.2**	**28.2**	**276.4**
Other tariff and contract based revenues	22.1	10.2	32.3	22.3	8.6	30.9
Total Revenue from Contracts with Customers	**299.1**	**33.2**	**332.3**	**270.5**	**36.8**	**307.3**
Regulatory amortization and other	(19.1)	7.9	(11.2)	21.8	6.0	27.8
Total Revenues	**$ 280.0**	**$ 41.1**	**$ 321.1**	**$ 292.3**	**$ 42.8**	**$ 335.1**

	Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Montana	$ 306.1	$ 94.1	$ 400.2	$ 252.9	$ 91.7	$ 344.6
South Dakota	53.4	30.3	83.7	55.0	31.7	86.7
Nebraska	—	30.2	30.2	—	26.0	26.0
Residential	**359.5**	**154.6**	**514.1**	**307.9**	**149.4**	**457.3**
Montana	324.6	52.4	377.0	263.4	48.9	312.3
South Dakota	77.8	21.3	99.1	83.2	23.0	106.2
Nebraska	—	19.1	19.1	—	16.0	16.0
Commercial	**402.4**	**92.8**	**495.2**	**346.6**	**87.9**	**434.5**
Industrial	34.0	1.0	35.0	28.4	0.9	29.3
Lighting, governmental, irrigation, and interdepartmental	27.2	1.3	28.5	25.4	1.4	26.8
Total Customer Revenues	**823.1**	**249.7**	**1,072.8**	**708.3**	**239.6**	**947.9**
Other tariff and contract based revenues	63.5	33.1	96.6	64.0	27.8	91.8
Total Revenue from Contracts with Customers	**886.6**	**282.8**	**1,169.4**	**772.3**	**267.4**	**1,039.7**
Regulatory amortization and other	(82.0)	(21.3)	(103.3)	35.1	(22.2)	12.9
Total Revenues	**$ 804.6**	**$ 261.5**	**$ 1,066.1**	**$ 807.4**	**$ 245.2**	**$ 1,052.6**

(8) Earnings Per Share

Basic earnings per share are computed by dividing earnings applicable to common stock by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of common stock equivalent shares that could occur if unvested shares were to vest. Common stock equivalent shares are calculated using the treasury stock method, as applicable. The dilutive effect is computed by dividing earnings applicable to common stock by the weighted average number of common shares outstanding plus the effect of the outstanding unvested restricted stock and performance share awards and forward equity sale. Average shares used in computing the basic and diluted earnings per share are as follows:

	Three Months Ended	
	September 30, 2023	September 30, 2022
Basic computation	60,442,164	56,310,526
Dilutive effect of:		
Performance share awards(1)	35,533	14,306
Forward equity sale (2)	—	312,572
Diluted computation	60,477,697	56,637,404

	Nine Months Ended	
	September 30, 2023	September 30, 2022
Basic computation	60,010,609	54,901,161
Dilutive effect of:		
Performance share awards(1)	31,311	20,150
Forward equity sale (2)	—	619,361
Diluted computation	60,041,920	55,540,672

(1) Performance share awards are included in diluted weighted average number of shares outstanding based upon what would be issued if the end of the most recent reporting period was the end of the term of the award.

(2) Forward equity shares are included in diluted weighted average number of shares outstanding based upon what would be issued if the end of the most recent reporting period was the end of the term of the forward sale agreement.

As of September 30, 2023, there were 32,649 shares from performance and restricted share awards which were antidilutive and excluded from the earnings per share calculations, compared to 51,829 shares as of September 30, 2022.

(9) Employee Benefit Plans

We sponsor and/or contribute to pension and postretirement health care and life insurance benefit plans for eligible employees. Net periodic benefit cost (credit) for our pension and other postretirement plans consists of the following (in thousands):

	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2023	2022	2023	2022
Components of Net Periodic Benefit Cost (Credit)				
Service cost	$ 1,459	$ 2,555	$ 84	$ 88
Interest cost	6,524	4,697	168	90
Expected return on plan assets	(6,679)	(6,043)	(274)	(262)
Amortization of prior service credit	—	—	29	(472)
Recognized actuarial (gain) loss	68	96	18	(13)
Net periodic benefit cost (credit)	$ 1,372	$ 1,305	$ 25	$ (569)

	Pension Benefits		Other Postretirement Benefits	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Components of Net Periodic Benefit Cost (Credit)				
Service cost	$ 4,375	$ 7,667	$ 250	$ 263
Interest cost	19,571	14,090	505	269
Expected return on plan assets	(20,036)	(18,129)	(822)	(785)
Amortization of prior service credit	—	—	87	(1,418)
Recognized actuarial loss (gain)	205	287	54	(37)
Net periodic benefit cost (credit)	$ 4,115	$ 3,915	$ 74	$ (1,708)

We contributed $ 8.2 million to our pension plans during the nine months ended September 30, 2023. We expect to contribute an additional $ 3.0 million to our pension plans during the remainder of 2023.

(10) Commitments and Contingencies

Except as set forth below and in Note 2 - Regulatory Matters above, the circumstances set forth in Note 18 - Commitments and Contingencies to the financial statements included in the NorthWestern Corporation Annual Report on Form 10-K for the year ended December 31, 2022 appropriately represent, in all material respects, the current status of our material commitments and contingent liabilities.

ENVIRONMENTAL LIABILITIES AND REGULATION

Environmental Matters

The operation of electric generating, transmission and distribution facilities, and gas gathering, storage, transportation and distribution facilities, along with the development (involving site selection, environmental assessments, and permitting) and construction of these assets, are subject to extensive federal, state, and local environmental and land use laws and regulations. Our activities involve compliance with diverse laws and regulations that address emissions and impacts to the environment, including air and water, protection of natural resources, avian and wildlife. We monitor federal, state, and local environmental initiatives to determine potential impacts on our financial results. As new laws or regulations are implemented, our policy is to assess their applicability and implement the necessary modifications to our facilities or their operation to maintain ongoing compliance.

Our environmental exposure includes a number of components, including remediation expenses related to the cleanup of current or former properties, and costs to comply with changing environmental regulations related to our operations. At present, our environmental reserve, which relates primarily to the remediation of former manufactured gas plant sites owned by us or for which we are responsible, is estimated to range between $ 20.4 million to $ 31.5 million. As of September 30, 2023, we had a reserve of approximately $ 25.2 million, which has not been discounted. Environmental costs are recorded when it is probable we are liable for the remediation and we can reasonably estimate the liability. We use a combination of site investigations and monitoring to formulate an estimate of environmental remediation costs for specific sites. Our monitoring procedures and development of actual remediation plans depend not only on site specific information but also on coordination with the different environmental regulatory agencies in our respective jurisdictions; therefore, while remediation exposure exists, it may be many years before costs are incurred.

Over time, as costs become determinable, we may seek authorization to recover such costs in rates or seek insurance reimbursement as available and applicable; therefore, although we cannot guarantee regulatory recovery, we do not expect these costs to have a material effect on our consolidated financial position or results of operations.

Global Climate Change - National and international actions have been initiated to address global climate change and the contribution of greenhouse gas (GHG) including, most significantly, carbon dioxide (CO_2) and methane emissions from natural gas. These actions include legislative proposals, Executive, Congressional and Environmental Protection Agency (EPA) actions at the federal level, state level activity, investor activism and private party litigation relating to emissions. Coal-fired plants have come under particular scrutiny due to their level of emissions. We have joint ownership interests in four coal-fired electric generating plants, all of which are operated by other companies. We are responsible for our proportionate share of the capital and operating costs while being entitled to our proportionate share of the power generated.

***Proposed EPA Rules* -** Congress has not passed any federal climate change legislation regarding GHG emissions from coal fired plants, and we cannot predict the timing or form of any potential legislation. Section 111(d) of the Clean Air Act (CAA) confers authority on EPA and the states to regulate emissions, including GHGs, from existing stationary sources. In May 2023, EPA proposed new GHG emissions standards for coal and natural gas-fired plants. In particular, the proposed rules would (i) strengthen the current New Source Performance Standards for newly built fossil fuel-fired stationary combustion turbines (generally natural gas-fired); (ii) establish emission guidelines for states to follow in limiting carbon pollution from existing fossil fuel-fired steam generating electric generating units (including coal, oil and natural gas-fired units); and (iii) establish emission guidelines for large, frequently used existing fossil fuel-fired stationary combustion turbines (generally natural gas-fired). In addition, in April 2023, EPA proposed to amend the Mercury Air Toxics Standard (MATS). Among other things, MATS currently sets stringent emission limits for acid gases, mercury, and other hazardous air pollutants from new and existing electric generating units. We are in compliance with existing MATS requirements. The proposed amendment of the MATS would strengthen the MATS requirements, and if adopted as written, both the GHG and MATS proposed rules could have a material negative impact on our coal-fired plants, including requiring potentially expensive upgrades or the early retirement of Colstrip Unit's 3 and 4 due to the rules making the facility uneconomic.

Previous efforts by the EPA were met with extensive litigation and we anticipate a similar response if the proposed rules are adopted. As MATS and GHG regulations are implemented, it could result in additional material compliance costs. We will continue working with federal and state regulatory authorities, other utilities, and stakeholders to seek relief from any MATS or GHG regulations that, in our view, disproportionately impact customers in our region.

Future additional environmental requirements - federal or state - could cause us to incur material costs of compliance, increase our costs of procuring electricity, decrease transmission revenue and impact cost recovery. Technology to efficiently capture, remove and/or sequester such GHG emissions or hazardous air pollutants may not be available within a timeframe consistent with the implementation of any such requirements.

LEGAL PROCEEDINGS

State of Montana - Riverbed Rents

On April 1, 2016, the State of Montana (State) filed a complaint on remand (the State's Complaint) with the Montana First Judicial District Court (State District Court), naming us, along with Talen Montana, LLC (Talen) as defendants. The State claimed it owns the riverbeds underlying 10 of our, and formerly Talen's, hydroelectric facilities (dams, along with reservoirs and tailraces) on the Missouri, Madison and Clark Fork Rivers, and seeks rents for Talen's and our use and occupancy of such lands. The facilities at issue include the Hebgen, Madison, Hauser, Holter, Black Eagle, Rainbow, Cochrane, Ryan, and Morony facilities on the Missouri and Madison Rivers and the Thompson Falls facility on the Clark Fork River. We acquired these facilities from Talen in November 2014.

The litigation has a long prior history in state and federal court, including before the United States Supreme Court, as detailed in Note 18 - Commitments and Contingencies to the financial statements included in the NorthWestern Corporation Annual Report on Form 10-K for the year ended December 31, 2022. On April 20, 2016, we removed the case from State District Court to the United States District Court for the District of Montana (Federal District Court). On August 1, 2018, the Federal District Court granted our and Talen's motions to dismiss the State's Complaint as it pertains to the navigability of the riverbeds associated with four of our hydroelectric facilities near Great Falls. A bench trial before the Federal District Court commenced January 4, 2022, and concluded on January 18, 2022, which addressed the issue of navigability concerning our other six facilities. On August 25, 2023, the Federal District Court issued its Findings of Fact, Conclusions of Law and Order (the "Order"), which found all but one of the segments of the riverbeds in dispute not navigable, and thus not owned by the State of Montana. The one segment found navigable, and thus owned by the State, was the segment on which the Black Eagle development was located. The State has filed a motion to pursue an interlocutory appeal of the Order. Damages were bifurcated by agreement and will be tried separately for the Black Eagle segment, and any other segments navigable should an appeal be granted and other segments found navigable.

We dispute the State's claims and intend to continue to vigorously defend the lawsuit. If the Federal District Court calculates damages as the State District Court did in 2008, we do not anticipate the resulting annual rent for the Black Eagle segment would have a material impact to our financial position or results of operations. We anticipate that any obligation to pay the State rent for use and occupancy of the riverbeds would be recoverable in rates from customers, although there can be no assurances that the MPSC would approve any such recovery.

Colstrip Arbitration

The remaining depreciable life of our investment in Colstrip Unit 4 is through 2042. The six owners of Colstrip Units 3 and 4 currently share the operating costs pursuant to the terms of an Ownership and Operation Agreement (O&O Agreement). However, several of the owners are mandated by Washington and Oregon law to eliminate coal-fired resources in 2025 and 2029, respectively.

As a result of the mandate, the owners have disagreed on various operational funding decisions, including whether closure requires each owner's consent under the O&O Agreement. On March 12, 2021, we initiated an arbitration under the O&O Agreement (the “Arbitration”), to resolve the issues of whether closure requires each owner's consent and to clarify each owner's obligations to continue to fund operations until all joint owners agree on closure. The owners previously initiated efforts to identify arbitrators and have agreed to stay the Arbitration through January 12, 2024, while they explore a potential resolution to their disagreements.

Colstrip Coal Dust Litigation

On December 14, 2020, a claim was filed against Talen in the Montana Sixteenth Judicial District Court, Rosebud County, Cause No. CV-20-58. Talen is one of the co-owners of Colstrip Unit 3, and the operator of Units 3 and 4. The plaintiffs allege they have suffered adverse effects from coal dust generated during operations associated with Colstrip. On August 26, 2021, the claim was amended to add in excess of 100 plaintiffs. It also added NorthWestern, the other owners of Colstrip, and Westmoreland Rosebud Mining LLC, as defendants. Plaintiffs are seeking economic damages, costs and disbursements, punitive damages, attorneys' fees, and an injunction prohibiting defendants from allowing coal dust to blow onto plaintiffs' properties.

Since this lawsuit remains in its discovery stages, we are unable to predict outcomes or estimate a range of reasonably possible losses.

BNSF Demands for Indemnity and Remediation Costs

NorthWestern has received a demand for indemnity from BNSF Railway Company (BNSF) for past and future environmental investigation and remediation costs incurred by BNSF at one of the three operable units at the Anaconda Copper Mining (ACM) Smelter and Refinery Superfund Site, located near Great Falls, Montana. Smelter and refining operations at the site commenced in 1893 and continued until 1980.

According to EPA, the smelter and refining operations have contaminated soil, groundwater and surface water resources around the site with lead, arsenic and other metal wastes. ARCO (Atlantic Richfield Company) initiated reclamation and maintenance activities in the 1980s and 1990s. Between 2002 and 2008, the EPA conducted several site investigations. In March 2011, the EPA placed the ACM Smelter and Refinery Site on the Superfund program's National Priority List. The Superfund Site is 427 acres and contains three operable units: Operable Unit 1 (consisting of five subsections including the Railroad Corridor and four other "areas of interest"), Operable Unit 2 (the former smelter and refinery site), and Operable Unit 3 (the Missouri River that flows along the south sides of Operable Units 1 and 2).

NorthWestern owns property in the Railroad Corridor sub-section of Operable Unit 1. BNSF claims it is entitled to indemnity and contribution from NorthWestern for the costs it has and will incur to investigate and remediate contamination in Operable Unit 1. BNSF reports it has incurred in excess of $ 4.4 million, pending final resolution, of response and oversight costs incurred by government agencies (EPA and Montana DEQ), in investigative and other response costs associated with Operable Unit 1, and that in the future it will incur additional costs to implement the final remedy for Operable Unit 1. In the Record of Decision (ROD) for Operable Unit 1 issued on August 21, 2021, the EPA estimated the costs to implement the selected remedies for the Railroad Corridor will be approximately $ 4.1 million. In the ROD, the EPA also estimated the costs to implement the selected remedy (including institutional controls) for the four "areas of interest" in Operable Unit 1 would be approximately $ 1.8 million, with annual operating costs of ten thousand dollars. We are evaluating BNSF's claim and are unable at this time to predict outcomes or estimate a range of reasonably possible losses.

Yellowstone County Generating Station Air Permit

On October 21, 2021, the Montana Environmental Information Center (MEIC) and the Sierra Club filed a lawsuit in Montana State District Court, against the Montana Department of Environmental Quality (MDEQ) and NorthWestern, alleging that the environmental analysis conducted by MDEQ prior to issuance of the Yellowstone County Generating Station's air quality construction permit was inadequate. On April 4, 2023, the Montana District Court issued an order finding MDEQ's environmental analysis was deficient in not addressing exterior lighting and greenhouse gases and remanded it back to MDEQ to address the deficiencies and vacated the air quality permit pending that remand. As a result of the vacatur of the permit, we paused construction. On June 8, 2023, the Montana District Court granted our motion to stay the order vacating the air quality permit pending the outcome of our notice of appeal with the Montana Supreme Court. We recommenced construction in June 2023 and expect the plant to be operational by the end of the third quarter 2024.

On May 10, 2023, Montana House Bill 971 was signed into law, preventing the MDEQ from, except under certain exceptions, evaluating greenhouse gas emissions and corresponding impacts to the climate in environmental reviews of large projects such as coal mines and power plants. On June 1, 2023, the MDEQ issued its supplemental environmental assessment that contained the updated exterior lighting analysis, and the MDEQ indicated that no other analysis was necessary. The comment period concerning the MDEQ's supplemental air quality permit ended on July 3, 2023. On August 4, 2023, the Montana First Judicial District Court in Held v. State of Montana, issued its order finding House Bill 971 unconstitutional. The Held case has delayed MDEQ's issuance of an updated air quality permit. The lawsuit challenging the Yellowstone County Generating Station air quality permit, as well as additional related legal challenges and construction challenges, could delay the project timing and increase costs.

Other Legal Proceedings

We are also subject to various other legal proceedings, governmental audits and claims that arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to these other actions will not materially affect our financial position, results of operations, or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Non-GAAP Financial Measure

The following discussion includes financial information prepared in accordance with GAAP, as well as another financial measure, Utility Margin, that is considered a "non-GAAP financial measure." Generally, a non-GAAP financial measure is a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. We define Utility Margin as Operating Revenues less fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion) as presented in our Condensed Consolidated Statements of Income. This measure differs from the GAAP definition of Gross Margin due to the exclusion of Operating and maintenance, Property and other taxes, and Depreciation and depletion expenses, which are presented separately in our Condensed Consolidated Statements of Income. The following discussion includes a reconciliation of Utility Margin to Gross Margin, the most directly comparable GAAP measure.

We believe that Utility Margin provides a useful measure for investors and other financial statement users to analyze our financial performance in that it excludes the effect on total revenues caused by volatility in energy costs and associated regulatory mechanisms. This information is intended to enhance an investor's overall understanding of results. Under our various state regulatory mechanisms, as detailed below, our supply costs are generally collected from customers. In addition, Utility Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow for recovery of operating costs, as well as to analyze how changes in loads (due to weather, economic or other conditions), rates and other factors impact our results of operations. Our Utility Margin measure may not be comparable to that of other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

OVERVIEW

NorthWestern Energy Group, doing business as NorthWestern Energy, provides electricity and/or natural gas to approximately 764,200 customers in Montana, South Dakota, Nebraska and Yellowstone National Park. For a discussion of NorthWestern's business strategy, see Management's Discussion and Analysis of Financial Condition and Results of Operations in the NorthWestern Corporation Annual Report on Form 10-K for the year ended December 31, 2022.

We work to deliver safe, reliable, and innovative energy solutions that create value for customers, communities, employees, and investors. We do this by providing low-cost and reliable service performed by highly-adaptable and skilled employees. We are focused on delivering long-term shareholder value through:

- Infrastructure investment focused on a stronger and smarter grid to improve the customer experience, while enhancing grid reliability and safety. This includes automation in customer meters, distribution and substations that enables the use of proven new technologies.

- Investing in and integrating supply resources that balance reliability, cost, capacity, and sustainability considerations with more predictable long-term commodity prices.

- Continually improving our operating efficiency. Financial discipline is essential to earning our authorized return on invested capital and maintaining a strong balance sheet, stable cash flows, and quality credit ratings to continue to attract cost-effective capital for future investment.

We expect to pursue these investment opportunities and manage our business in a manner that allows us to be flexible in adjusting to changing economic conditions by adjusting the timing and scale of the projects.

We are committed to providing customers with reliable and affordable electric and natural gas services while also being good stewards of the environment. Towards this end, in 2022 we expanded and outlined our efforts towards a carbon-free future through our goal to achieve net zero carbon emissions by 2050.

As you read this discussion and analysis, refer to our Condensed Consolidated Statements of Income, which present the results of our operations for the three and nine months ended September 30, 2023 and 2022.

HOW WE PERFORMED AGAINST OUR THIRD QUARTER 2022 RESULTS

	Three Months Ended September 30, 2023 vs. 2022		
	Income Before Income Taxes	Income Tax (Expense) Benefit	Net Income
		(in millions)	
Third Quarter, 2022	**$ 27.1**	**$ 0.3**	**$ 27.4**
*Variance in **revenue** and fuel, purchased supply, and direct transmission expense [(1)] items impacting net income:*			
Montana interim rates	7.8	(2.0)	5.8
Lower non-recoverable Montana electric supply costs due to higher electric supply revenues and lower electric supply costs	4.0	(1.0)	3.0
Montana property tax tracker collections	1.3	(0.3)	1.0
Higher natural gas retail volumes	0.6	(0.2)	0.4
Higher natural gas transportation	0.3	(0.1)	0.2
Lower electric retail volumes	(4.3)	1.1	(3.2)
Lower electric transmission revenue	(0.5)	0.1	(0.4)
Other	(0.7)	0.2	(0.5)
*Variance in **expense** items[(2)] impacting net income:*			
Higher depreciation expense	(3.6)	0.9	(2.7)
Higher interest expense	(3.4)	0.9	(2.5)
Higher operating, maintenance, and administrative expenses	(1.3)	0.3	(1.0)
Income tax return to accrual adjustment	—	(1.3)	(1.3)
Lower other state and local tax expense	1.6	(0.4)	1.2
Other	2.1	(0.2)	1.9
Third Quarter, 2023	**$ 31.0**	**$ (1.7)**	**$ 29.3**
Change in Net Income			**$ 1.9**

(1) Exclusive of depreciation and depletion shown separately below

(2) Excluding fuel, purchased supply, and direct transmission expense

Consolidated net income for the three months ended September 30, 2023 was $29.3 million as compared with $27.4 million for the same period in 2022. This increase was primarily due to higher interim rates associated with our Montana rate review, lower non-recoverable Montana electric supply costs, higher Montana property tax tracker collections, higher natural gas retail volumes, and lower other state and local tax expenses, partly offset by lower electric retail volumes, lower transmission revenues, higher depreciation and depletion expense, higher operating, maintenance, and administrative expenses, higher interest expense, and higher income tax expense.

SIGNIFICANT TRENDS AND REGULATION

Refer to the NorthWestern Corporation Annual Report on the Form 10-K for the year ended December 31, 2022 for disclosure of the significant trends and regulations that could have a significant impact on our business. These significant trends and regulations have not changed materially since such disclosure, except as follows:

Regulatory Update

Rate reviews are necessary to recover the cost of providing safe, reliable service, while contributing to earnings growth and achieving our financial objectives. We regularly review the need for electric and natural gas rate relief in each state in which we provide service.

Montana Rate Review Filing – On August 8, 2022, we filed a Montana electric and natural gas rate review with the MPSC under Docket 2022.07.78 requesting an annual increase to electric and natural gas utility rates. On September 28, 2022, the

MPSC granted interim rates, effective October 1, 2022. On October 25, 2023, the MPSC held a work session and approved the settlement agreement filed April 3, 2023. We expect final rates, adjusting from interim to settled rates, to be effective November 1, 2023. Our 2023 earnings through September 30, 2023, reflect revenues from interim rates. Based on the draft order, we do not expect a refund for interim rate revenues collected since their effective date nor a true-up for interim to final rates for the period from October 1, 2022, to October 31, 2023. The details of our interim rates granted and the approved settlement agreement are set forth below:

Interim Revenue Increase Granted (in millions)		
	Electric	Natural Gas
Base Rates	$29.4	$1.7
PCCAM(1)	$61.1	n/a
Property Tax (tracker base adjustment) (1)(2)	$10.8	$2.9
Total Interim Revenue Granted	$101.3	$4.6

Returns, Capital Structure & Revenue Increase Resulting From Approved Settlement Agreement ($ in millions)		
	Electric	Natural Gas
Return on Equity (ROE)	9.65%	9.55%
Equity Capital Structure	48.02%	48.02%
Base Rates	$67.4	$14.1
PCCAM(1)	$69.7	n/a
Property Tax (tracker base adjustment) (1)	$14.5	$4.2
Total Revenue Increase Through Approved Settlement Agreement	$151.6	$18.3

(1) These items are flow-through costs. PCCAM reflects our fuel and purchased power costs.

(2) Our requested interim property tax base increases went into effect on January 1, 2023, as part of our 2023 property tax tracker filing.

The approved settlement includes, among other things, agreement on electric and natural gas base revenue increases, allocated cost of service, rate design, updates to the base amount of revenues associated with property taxes and electric supply costs, and regulatory policy issues related to requested changes in regulatory mechanisms.

The approved settlement agreement provides for an update to the PCCAM by adjusting the base costs from $138.7 million to $208.4 million and providing for more timely quarterly recovery of deferred balances instead of annual recovery. It also addresses the potential for future recovery of certain operating costs associated with the Yellowstone County Generating Station and provides for the deferral of incremental operating costs related to our Enhanced Wildfire Mitigation Plan. The settling parties agreed to terminate the pilot decoupling program (Fixed Cost Recovery Mechanism) and that the proposed business technology rider will not be implemented.

South Dakota Electric Rate Review Filing – On June 15, 2023, we filed a South Dakota electric rate review filing (2022 test year) under Docket EL23-016 for an annual increase to electric rates totaling approximately $30.9 million. Our request was based on a ROE of 10.7%, a capital structure including 50.5% equity, and rate base of $787.3 million.

Holding Company Reorganization – On October 2, 2023, NorthWestern Corporation and NorthWestern Energy Group completed the reorganization into a holding company structure. In this reorganization, shareholders of Northwestern Corporation (the predecessor publicly held parent company) became shareholders of Northwestern Energy Group, maintaining the same number of shares and ownership percentage as held in Northwestern Corporation immediately prior to the reorganization. Northwestern Corporation became a wholly-owned subsidiary of Northwestern Energy Group. The transaction was effected pursuant to a merger pursuant to Section 251(g) of the General Corporation Law of the State of Delaware, which provides for the formation of a holding company without a vote of the shareholders of the constituent corporation. Immediately after consummation of the reorganization, NorthWestern Energy Group had, on a consolidated basis, the same assets, businesses and operations as NorthWestern Corporation had immediately prior to the consummation of the reorganization. As a result of the reorganization, NorthWestern Energy Group became the successor issuer to NorthWestern Corporation pursuant to Rule 12g-3(a) of the Securities Exchange Act of 1934, and as a result, NorthWestern Energy Group's common stock was deemed registered under Section 12(b) of the Securities Exchange Act of 1934. In the early part of 2024, we intend to complete the second and final phase of the holding company reorganization which will result in the South Dakota and Nebraska regulated utilities business becoming a separate direct subsidiary of NorthWestern Energy Group. This is planned to be accomplished through Northwestern Corporation contributing the assets and liabilities of its South Dakota and Nebraska regulated utilities to its direct subsidiary, Northwestern Energy Public Service Corporation (NPS), and then distributing its equity interest in NPS and certain other subsidiaries to Northwestern Energy Group, resulting in Northwestern Corporation owning and operating only the Montana regulated utility and NPS owning and operating the Nebraska and South Dakota utilities, each as a direct subsidiary of Northwestern Energy Group.

Power Costs and Credits Adjustment Mechanism - The MPSC's September 2022 decision approving interim rates included a $61.1 million increase to the PCCAM Base, from $138.7 million to $199.8 million, effective October 1, 2022. We have under-collected our total Montana electric supply costs for the July 2022 through June 2023 PCCAM year by approximately $19.5 million. As of September 30, 2023, we have under-collected our total Montana electric supply costs for the July 2023 through June 2024 PCCAM year by approximately $0.3 million.

Under the PCCAM, net costs higher or lower than the PCCAM Base (excluding qualifying facility costs) are allocated 90% to Montana customers and 10% to shareholders. For the three and nine months ended September 30, 2023, we over collected supply costs of $1.0 million and $23.5 million, respectively, resulting in a reduction to our under collection of costs, and recorded an increase in pre-tax earnings of $0.1 million and $2.6 million, respectively (10% of the PCCAM Base cost variance). For the three and nine months ended September 30, 2022, we under collected costs of $35.4 million and $50.0 million, respectively, resulting in an increase to the under collection of costs, and recorded a reduction in pre-tax earnings of $3.9 million and $5.6 million, respectively.

As discussed above, the approved Montana rate review settlement provides for an update to the PCCAM by adjusting the base costs from $138.7 million to $208.4 million and providing for more timely quarterly recovery of deferred balances instead of annual recovery. The updated $208.4 million PCCAM Base is retroactive to an effective date of July 1, 2022.

Our electric supply from owned and long-term contracted resources is not adequate to meet our peak-demand needs. Because of this, the volatility of market prices for energy on peak-demand days, even if only for a few days in duration, exposes us to potentially significant market purchases that could negatively impact our results of operations and cash flows. See the Electric Resource Planning - Montana section below for how we are working to address this market exposure.

Electric Resource Planning - Montana

Yellowstone County 175 MW plant - As previously reported, in October 2021, the Montana Environmental Information Center and the Sierra Club filed a lawsuit in Montana State District Court, against the MDEQ and us, alleging that the environmental analysis conducted prior to issuance of the Yellowstone County Generating Station's air quality permit was inadequate. On April 4, 2023, the Montana District Court issued an order finding the MDEQ's environmental analysis was deficient in not addressing exterior lighting and greenhouse gases and remanded it back to MDEQ to address the deficiencies and vacated the air quality permit pending that remand. As a result of the vacatur of the permit, we paused construction. On June 8, 2023, the Montana District Court granted our motion to stay the order vacating the air quality permit pending the outcome of our notice of appeal with the Montana Supreme Court. We recommenced construction in June 2023 and expect the plant to be operational by the end of the third quarter 2024.

On May 10, 2023, Montana House Bill 971 was signed into law, preventing the MDEQ from, except under certain exceptions, evaluating greenhouse gas emissions and corresponding impacts to the climate in environmental reviews of large projects such as coal mines and power plants. On June 1, 2023, the MDEQ issued its supplemental environmental assessment that contained the updated exterior lighting analysis, and the MDEQ indicated that no other analysis was necessary. The comment period concerning the MDEQ's supplemental air quality permit ended on July 3, 2023. On August 4, 2023, the Montana First Judicial District Court in Held v. State of Montana issued its order finding House Bill 971 unconstitutional. The Held case has delayed MDEQ's issuance of an updated air quality permit. The lawsuit challenging the Yellowstone County Generating Station air quality permit, as well as additional related legal challenges and construction challenges, could delay the project timing and increase costs. Total costs of approximately $217.5 million have been incurred, with expected total costs of approximately $275.0 million.

Future Integrated Resource Planning - Resource adequacy in the Western third of the U.S. has been declining with the retirement of thermal power plants. Our owned and long-term contracted resources are inadequate to supply the necessary capacity we require to meet our peak-demand loads, which exposes us to large quantities of market purchases at typically high and volatile energy prices. To comply with regulatory resource planning requirements, we submitted an integrated resource plan to the MPSC on April 28, 2023.

We remain concerned regarding an overall lack of capacity in the West and our owned and long-term contracted capacity deficit to meet peak-demand loads. The construction of the Yellowstone County Generating Station and acquisition of Avista's Colstrip Units 3 and 4 interests are expected to reduce our exposure to market purchases.

Proposed EPA Rules

In May 2023, the EPA proposed new GHG emissions standards for coal and natural gas-fired plants. In particular, the proposed rules would (i) strengthen the current New Source Performance Standards for newly built fossil fuel-fired stationary combustion turbines (generally natural gas-fired); (ii) establish emission guidelines for states to follow in limiting carbon pollution from existing fossil fuel-fired steam generating electric generating units (including coal, oil and natural gas-fired units); and (iii) establish emission guidelines for large, frequently used existing fossil fuel-fired stationary combustion turbines (generally natural gas-fired). In addition, in April 2023, EPA proposed to amend the MATS. Among other things, MATS currently sets stringent emission limits for acid gases, mercury, and other hazardous air pollutants from new and existing electric generating units. We are in compliance with existing MATS requirements. The proposed amendment of the MATS would strengthen the MATS requirements, and if adopted as written, both the GHG and MATS proposed rules could have a material negative impact on our coal-fired plants, including requiring potentially expensive upgrades or the early retirement of Colstrip Unit's 3 and 4 due to the rules making the facility uneconomic.

Previous efforts by the EPA were met with extensive litigation and we anticipate a similar response if the proposed rules are adopted. As MATS and GHG regulations are implemented, it could result in additional material compliance costs. We will continue working with federal and state regulatory authorities, other utilities, and stakeholders to seek relief from any MATS or GHG regulations that, in our view, disproportionately impact customers in our region.

RESULTS OF OPERATIONS

Our consolidated results include the results of our divisions and subsidiaries constituting each of our business segments. The overall consolidated discussion is followed by a detailed discussion of utility margin by segment.

Factors Affecting Results of Operations

Our revenues may fluctuate substantially with changes in supply costs, which are generally collected in rates from customers. In addition, various regulatory agencies approve the prices for electric and natural gas utility service within their respective jurisdictions and regulate our ability to recover costs from customers.

Revenues are also impacted by customer growth and usage, the latter of which is primarily affected by weather and the impact of energy efficiency initiatives and investment. Very cold winters increase demand for natural gas and to a lesser extent, electricity, while warmer than normal summers increase demand for electricity, especially among our residential and commercial customers. We measure this effect using degree-days, which is the difference between the average daily actual temperature and a baseline temperature of 65 degrees. Heating degree-days result when the average daily temperature is less than the baseline. Cooling degree-days result when the average daily temperature is greater than the baseline. The statistical weather information in our regulated segments represents a comparison of this data.

Fuel, purchased supply and direct transmission expenses are costs directly associated with the generation and procurement of electricity and natural gas. These costs are generally collected in rates from customers and may fluctuate substantially with market prices and customer usage.

Operating and maintenance expenses are costs associated with the ongoing operation of our vertically-integrated utility facilities which provide electric and natural gas utility products and services to our customers. Among the most significant of these costs are those associated with direct labor and supervision, repair and maintenance expenses, and contract services. These costs are normally fairly stable across broad volume ranges and therefore do not normally increase or decrease significantly in the short term with increases or decreases in volumes.

OVERALL CONSOLIDATED RESULTS

Three Months Ended September 30, 2023 Compared with the Three Months Ended September 30, 2022

Consolidated net income for the three months ended September 30, 2023 was $29.3 million as compared with $27.4 million for the same period in 2022. This increase was primarily due to higher interim rates associated with our Montana rate review, lower non-recoverable Montana electric supply costs, higher Montana property tax tracker collections, higher natural gas retail volumes, and lower other state and local tax expenses, partly offset by lower electric retail volumes, lower transmission revenues, higher depreciation and depletion expense, higher operating, maintenance, and administrative expenses, higher interest expense, and higher income tax expense.

Consolidated gross margin for the three months ended September 30, 2023 was $83.5 million as compared with $76.4 million in 2022, an increase of $7.1 million, or 9.3 percent. This increase was primarily due to higher interim rates associated with our Montana rate review, lower non-recoverable Montana electric supply costs, higher Montana property tax tracker collections, and lower operating and maintenance costs, partly offset by lower electric retail volumes, lower transmission revenues, and higher depreciation and depletion expense

	Electric		Natural Gas		Total	
	2023	2022	2023	2022	2023	2022
	(in millions)					
Reconciliation of gross margin to utility margin:						
Operating Revenues	$ 280.0	$ 292.3	$ 41.1	$ 42.8	$ 321.1	$ 335.1
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	78.0	95.6	10.9	13.3	88.9	108.9
Less: Operating and maintenance	40.0	40.9	13.2	13.8	53.2	54.7
Less: Property and other taxes	33.7	36.4	9.6	10.1	43.3	46.5
Less: Depreciation and depletion	43.3	40.7	8.9	7.9	52.2	48.6
Gross Margin	**85.0**	**78.7**	**(1.5)**	**(2.3)**	**83.5**	**76.4**
Operating and maintenance	40.0	40.9	13.2	13.8	53.2	54.7
Property and other taxes	33.7	36.4	9.6	10.1	43.3	46.5
Depreciation and depletion	43.3	40.7	8.9	7.9	52.2	48.6
Utility Margin(1)	**$ 202.0**	**$ 196.7**	**$ 30.2**	**$ 29.5**	**$ 232.2**	**$ 226.2**

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above.

	Three Months Ended September 30,			
	2023	2022	Change	% Change
	(dollars in millions)			
Utility Margin				
Electric	$ 202.0	$ 196.7	$ 5.3	2.7 %
Natural Gas	30.2	29.5	0.7	2.4
Total Utility Margin(1)	**$ 232.2**	**$ 226.2**	**$ 6.0**	**2.7 %**

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above.

Consolidated utility margin for the three months ended September 30, 2023 was $232.2 million as compared with $226.2 million for the same period in 2022, an increase of $6.0 million, or 2.7 percent.

Primary components of the change in utility margin include the following (in millions):

	Utility Margin 2023 vs. 2022
Utility Margin Items Impacting Net Income	
Montana interim rates	$ 7.8
Lower non-recoverable Montana electric supply costs due to higher electric supply revenues and lower electric supply costs	4.0
Montana property tax tracker collections	1.3
Higher natural gas retail volumes	0.6
Higher Montana natural gas transportation	0.3
Lower electric retail volumes	(4.3)
Lower transmission revenue due to market conditions and lower rates	(0.5)
Other	(0.7)
Change in Utility Margin Items Impacting Net Income	**$ 8.5**
Utility Margin Items Offset Within Net Income	
Lower property taxes recovered in revenue, offset in property and other taxes	(3.1)
Lower natural gas production taxes recovered in revenue, offset in property and other taxes	(0.1)
Higher revenue from lower production tax credits, offset in income tax expense	0.4
Higher operating expenses recovered in revenue, offset in operating and maintenance expense	0.3
Change in Utility Margin Items Offset Within Net Income	**(2.5)**
Increase in Consolidated Utility Margin [(1)]	**$ 6.0**

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above.

Lower electric retail volumes were driven by unfavorable weather in Montana and South Dakota impacting residential demand and lower commercial demand, partly offset by customer growth. Higher natural gas retail volumes were driven by favorable weather and customer growth. Interim rates in our Montana rate review were effective October 1, 2022.

	Three Months Ended September 30,			
	2023	2022	Change	% Change
	(dollars in millions)			
Operating Expenses (excluding fuel, purchased supply and direct transmission expense)				
Operating and maintenance	$ 53.2	$ 54.7	$ (1.5)	(2.7)%
Administrative and general	29.4	28.1	1.3	4.6
Property and other taxes	41.8	46.5	(4.7)	(10.1)
Depreciation and depletion	52.2	48.6	3.6	7.4
Total Operating Expenses (excluding fuel, purchased supply and direct transmission expense)	**$ 176.6**	**$ 177.9**	**$ (1.3)**	**(0.7)%**

Consolidated operating expenses, excluding fuel, purchased supply and direct transmission expense, were $176.6 million for the three months ended September 30, 2023, as compared with $177.9 million for the three months ended September 30, 2022. Primary components of the change include the following (in millions):

	Operating Expenses 2023 vs. 2022
Operating Expenses (excluding fuel, purchased supply and direct transmission expense) Impacting Net Income	
Higher depreciation expense due to plant additions	$ 3.6
Higher technology implementation and maintenance expense	0.6
Higher insurance expense	0.5
Increase in uncollectible accounts	0.3
Lower other state and local tax expense	(1.6)
Lower expenses at our electric generation facilities	(0.3)
Other	0.2
Change in Items Impacting Net Income	**3.3**
Operating Expenses Offset Within Net Income	
Lower property taxes recovered in trackers, offset in revenue	(3.1)
Lower pension and other postretirement benefits, offset in other income [1]	(1.7)
Lower natural gas production taxes recovered in trackers, offset in revenue	(0.1)
Higher operating and maintenance expenses recovered in trackers, offset in revenue	0.3
Change in Items Offset Within Net Income	**(4.6)**
Decrease in Operating Expenses (excluding fuel, purchased supply and direct transmission expense)	**$ (1.3)**

(1) In order to present the total change in labor and benefits, we have included the change in the non-service cost component of our pension and other postretirement benefits, which is recorded within other income on our Condensed Consolidated Statements of Income. This change is offset within this table as it does not affect our operating expenses.

We estimate property taxes throughout each year, and update those estimates based on valuation reports received from the Montana Department of Revenue. Under Montana law, we are allowed to track the increases and decreases in the actual level of state and local taxes and fees and adjust our rates to recover the increase or decrease between rate cases less the amount allocated to FERC-jurisdictional customers and net of the associated income tax benefit.

Consolidated operating income for the three months ended September 30, 2023 was $55.6 million as compared with $48.3 million in the same period of 2022. This increase was primarily driven by higher interim rates associated with our Montana rate review, lower non-recoverable Montana electric supply costs, higher Montana property tax tracker collections, higher natural gas retail volumes, and lower other state and local tax expenses, partly offset by lower electric retail volumes, lower transmission revenues, higher depreciation and depletion expense, and higher operating, maintenance, and administrative expenses.

Consolidated interest expense was $28.7 million for the three months ended September 30, 2023 as compared with $25.3 million for the same period of 2022. This increase was due to higher borrowings and interest rates, partly offset by higher capitalization of Allowance for Funds Used During Construction (AFUDC).

Consolidated other income was $4.1 million for the three months ended September 30, 2023 as compared with $4.2 million for the same period of 2022. This decrease was primarily due to an increase in the non-service component of pension expense, partly offset by higher capitalization of AFUDC.

Consolidated income tax expense was $1.7 million for the three months ended September 30, 2023 as compared to an income tax benefit of $0.2 million for the same period of 2022. Our effective tax rate for the three months ended September 30, 2023 was 5.5% as compared with (0.9)% for the same period in 2022.

The following table summarizes the differences between our effective tax rate and the federal statutory rate (in millions):

	Three Months Ended September 30,					
	2023			2022		
Income Before Income Taxes	$	31.0		$	27.1	
Income tax calculated at federal statutory rate		6.5	21.0 %		5.7	21.0 %
Permanent or flow-through adjustments:						
State income tax, net of federal provisions		0.1	0.4		0.1	0.5
Flow-through repairs deductions		(4.2)	(13.5)		(3.4)	(12.4)
Production tax credits		(1.3)	(4.1)		(1.7)	(6.2)
Amortization of excess deferred income tax		(0.3)	(1.0)		(0.2)	(0.9)
Income tax return to accrual adjustment		0.4	1.3		(0.9)	(3.4)
Plant and depreciation flow-through items		0.4	1.2		0.3	1.0
Other, net		0.1	0.2		(0.1)	(0.5)
		(4.8)	(15.5)		(5.9)	(21.9)
Income tax expense (benefit)	$	1.7	5.5 %	$	(0.2)	(0.9)%

We compute income tax expense for each quarter based on the estimated annual effective tax rate for the year, adjusted for certain discrete items. Our effective tax rate typically differs from the federal statutory tax rate primarily due to the regulatory impact of flowing through federal and state tax benefits of repairs deductions, state tax benefit of accelerated tax depreciation deductions (including bonus depreciation when applicable) and production tax credits.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Consolidated net income for the nine months ended September 30, 2023 was $111.0 million as compared with $116.3 million for the same period in 2022. This decrease was primarily due to higher depreciation and depletion, higher operating and maintenance expense, higher administrative and general expense, higher interest expense, and higher income tax expense, including a one-time charge for the reduction of previously claimed alternative minimum tax credits, partly offset by interim rates associated with our Montana rate review, lower non-recoverable Montana electric supply costs, higher Montana property tax tracker collections, and higher electric retail volumes.

Consolidated gross margin for the nine months ended September 30, 2023 was $289.8 million as compared with $266.8 million in 2022, an increase of $23.0 million, or 8.6 percent. This increase was primarily due to interim rates associated with our Montana rate review, lower non-recoverable Montana electric supply costs, higher Montana property tax tracker collections, and higher electric retail volumes, partly offset by higher depreciation and depletion and higher operating and maintenance expense.

	Electric		Natural Gas		Total	
	2023	2022	2023	2022	2023	2022
			(in millions)			
Reconciliation of gross margin to utility margin:						
Operating Revenues	$ 804.6	$ 807.4	$ 261.5	$ 245.1	$ 1,066.1	$ 1,052.5
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	198.5	230.9	123.5	108.1	322.0	339.0
Less: Operating and maintenance	123.8	121.2	40.1	39.6	163.9	160.8
Less: Property and other taxes	103.0	109.2	29.6	31.0	132.6	140.2
Less: Depreciation and depletion	130.5	121.3	27.3	24.4	157.8	145.7
Gross Margin	**248.8**	**224.8**	**41.0**	**42.0**	**289.8**	**266.8**
Operating and maintenance	123.8	121.2	40.1	39.6	163.9	160.8
Property and other taxes	103.0	109.2	29.6	31.0	132.6	140.2
Depreciation and depletion	130.5	121.3	27.3	24.4	157.8	145.7
Utility Margin(1)	**$ 606.1**	**$ 576.5**	**$ 138.0**	**$ 137.0**	**$ 744.1**	**$ 713.5**

(1) Non-GAAP financial measure. See “Non-GAAP Financial Measure” above.

	Nine Months Ended September 30,			
	2023	2022	Change	% Change
	(dollars in millions)			
Utility Margin				
Electric	$ 606.1	$ 576.5	$ 29.6	5.1 %
Natural Gas	138.0	137.0	1.0	0.7
Total Utility Margin(1)	**$ 744.1**	**$ 713.5**	**$ 30.6**	**4.3 %**

(1) Non-GAAP financial measure. See “Non-GAAP Financial Measure” above.

Consolidated utility margin for the nine months ended September 30, 2023 was $744.1 million as compared with $713.5 million for the same period in 2022, an increase of $30.6 million, or 4.3 percent.

Primary components of the change in utility margin include the following (in millions):

	Utility Margin 2023 vs. 2022
Utility Margin Items Impacting Net Income	
Montana interim rates	$ 23.4
Lower non-recoverable Montana electric supply costs due to higher electric supply revenues and lower electric supply costs	8.3
Montana property tax tracker collections	4.8
Higher electric retail volumes	2.0
Higher Montana natural gas transportation	1.8
Lower natural gas retail volumes	(1.0)
Lower transmission revenue due to market conditions and lower rates	(1.0)
Other	(1.1)
Change in Utility Margin Items Impacting Net Income	**37.2**
Utility Margin Items Offset Within Net Income	
Lower property taxes recovered in revenue, offset in property and other taxes	(7.7)
Lower operating expenses recovered in revenue, offset in operating and maintenance expense	(1.4)
Lower natural gas production taxes recovered in revenue, offset in property and other taxes	(0.6)
Higher revenue from lower production tax credits, offset in income tax expense	3.1
Change in Utility Margin Items Offset Within Net Income	**(6.6)**
Increase in Consolidated Utility Margin [(1)]	**$ 30.6**

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above.

Higher electric retail volumes were driven by customer growth, partly offset by overall unfavorable weather in Montana impacting residential demand and lower commercial demand as compared to the prior year. Lower natural gas retail volumes were driven by unfavorable weather in Montana impacting residential volumes, partly offset by favorable weather in South Dakota and Nebraska and customer growth. Interim rates in our Montana rate review were effective October 1, 2022.

	Nine Months Ended September 30,			
	2023	2022	Change	% Change
	(dollars in millions)			
Operating Expenses (excluding fuel, purchased supply and direct transmission expense)				
Operating and maintenance	$ 163.9	$ 160.8	$ 3.1	1.9 %
Administrative and general	94.1	87.0	7.1	8.2
Property and other taxes	131.0	140.2	(9.2)	(6.6)
Depreciation and depletion	157.8	145.7	12.1	8.3
Total Operating Expenses (excluding fuel, purchased supply and direct transmission expense)	**$ 546.8**	**$ 533.7**	**$ 13.1**	**2.5 %**

Consolidated operating expenses, excluding fuel, purchased supply and direct transmission expense, were $546.8 million for the nine months ended September 30, 2023, as compared with $533.7 million for the nine months ended September 30, 2022. Primary components of the change include the following (in millions):

	Operating Expenses 2023 vs. 2022
Operating Expenses (excluding fuel, purchased supply and direct transmission expense) Impacting Net Income	
Higher depreciation expense due to plant additions	$ 12.1
Higher labor and benefits[(1)]	7.5
Higher expenses at our electric generation facilities	2.9
Higher insurance expense	1.5
Increase in uncollectible accounts	1.4
Higher cost of materials	0.6
Higher technology implementation and maintenance expenses	0.2
Lower other state and local tax expense	(0.9)
Other	0.9
Change in Items Impacting Net Income	**26.2**
Operating Expenses Offset Within Net Income	
Lower property taxes recovered in trackers, offset in revenue	(7.7)
Lower pension and other postretirement benefits, offset in other income [(1)]	(3.2)
Lower operating and maintenance expenses recovered in trackers, offset in revenue	(1.4)
Lower natural gas production taxes recovered in trackers, offset in revenue	(0.6)
Lower non-employee directors deferred compensation recorded within administrative and general expense, offset in other income	(0.2)
Change in Items Offset Within Net Income	**(13.1)**
Increase in Operating Expenses (excluding fuel, purchased supply and direct transmission expense)	**$ 13.1**

(1) In order to present the total change in labor and benefits, we have included the change in the non-service cost component of our pension and other postretirement benefits, which is recorded within other income on our Condensed Consolidated Statements of Income. This change is offset within this table as it does not affect our operating expenses.

Consolidated operating income for the nine months ended September 30, 2023 was $197.3 million as compared with $179.9 million in the same period of 2022. This increase was primarily driven by interim rates associated with our Montana rate review, lower non-recoverable Montana electric supply costs, higher Montana property tax tracker collections, and higher electric retail volumes, partly offset by lower natural gas retail volumes, lower transmission revenues, higher depreciation and depletion expense, higher operating and maintenance expense, and higher administrative and general expenses.

Consolidated interest expense was $85.1 million for the nine months ended September 30, 2023 as compared with $73.1 million for the same period of 2022. This increase was due to higher borrowings and interest rates, partly offset by higher capitalization of AFUDC.

Consolidated other income was $12.9 million for the nine months ended September 30, 2023 as compared to $11.8 million during the same period of 2022. This increase was primarily due to the prior year CREP penalty and higher capitalization of AFUDC, partly offset by an increase in the non-service component of pension expense.

Consolidated income tax expense for the nine months ended September 30, 2023 was $14.1 million as compared to $2.3 million in the same period of 2022. Our effective tax rate for the nine months ended September 30, 2023 was 11.3% as compared with 1.9% for the same period in 2022. Income tax expense for the nine months ended September 30, 2023 includes a one-time $3.2 million charge for the reduction of previously claimed alternative minimum tax credits.

The following table summarizes the differences between our effective tax rate and the federal statutory rate (in millions):

	Nine Months Ended September 30,			
	2023		2022	
Income Before Income Taxes	$ 125.1		$ 118.6	
Income tax calculated at federal statutory rate	26.3	21.0 %	24.9	21.0 %
Permanent or flow-through adjustments:				
State income tax, net of federal provisions	1.4	1.1	1.0	0.8
Flow-through repairs deductions	(11.7)	(9.4)	(13.5)	(11.4)
Production tax credits	(5.6)	(4.5)	(8.1)	(6.8)
Amortization of excess deferred income tax	(1.4)	(1.1)	(0.8)	(0.7)
Reduction to previously claimed alternative minimum tax credit	3.2	2.5	—	—
Plant and depreciation flow-through items	1.2	1.0	0.4	0.3
Income tax return to accrual adjustment	0.4	0.3	(0.9)	(0.8)
Share-based compensation	0.4	0.3	(0.3)	(0.2)
Other, net	(0.1)	0.1	(0.4)	(0.3)
	(12.2)	(9.7)	(22.6)	(19.1)
Income tax expense	$ 14.1	11.3 %	$ 2.3	1.9 %

We compute income tax expense for each quarter based on the estimated annual effective tax rate for the year, adjusted for certain discrete items. Our effective tax rate typically differs from the federal statutory tax rate primarily due to the regulatory impact of flowing through federal and state tax benefits of repairs deductions, state tax benefit of accelerated tax depreciation deductions (including bonus depreciation when applicable) and production tax credits.

ELECTRIC SEGMENT

We have various classifications of electric revenues, defined as follows:

- Retail: Sales of electricity to residential, commercial and industrial customers, and the impact of regulatory mechanisms.
- Regulatory amortization: Primarily represents timing differences for electric supply costs and property taxes between when we incur these costs and when we recover these costs in rates from our customers, which is also reflected in fuel, purchased supply and direct transmission expense and therefore has minimal impact on utility margin. The amortization of these amounts are offset in retail revenue.
- Transmission: Reflects transmission revenues regulated by the FERC.
- Wholesale and other are largely utility margin neutral as they are offset by changes in fuel, purchased supply and direct transmission expense.

Three Months Ended September 30, 2023 Compared with the Three Months Ended September 30, 2022

	Revenues		Change		Megawatt Hours (MWH)		Avg. Customer Counts	
	2023	2022	$	%	2023	2022	2023	2022
	(in thousands)							
Montana	$ 96,812	$ 85,226	$ 11,586	13.6 %	664	702	322,832	317,274
South Dakota	17,951	18,955	(1,004)	(5.3)	151	158	51,236	51,056
Residential	**114,763**	**104,181**	**10,582**	**10.2**	**815**	**860**	**374,068**	**368,330**
Montana	110,100	92,563	17,537	18.9	825	839	74,385	73,277
South Dakota	27,474	29,093	(1,619)	(5.6)	289	297	12,989	12,949
Commercial	**137,574**	**121,656**	**15,918**	**13.1**	**1,114**	**1,136**	**87,374**	**86,226**
Industrial	11,423	9,784	1,639	16.8	691	675	79	76
Other	13,243	12,581	662	5.3	71	85	8,204	8,266
Total Retail Electric	**$ 277,003**	**$ 248,202**	**$ 28,801**	**11.6 %**	**2,691**	**2,756**	**469,725**	**462,898**
Regulatory amortization	(18,534)	21,805	(40,339)	(185.0)				
Transmission	19,847	20,439	(592)	(2.9)				
Wholesale and Other	1,714	1,825	(111)	(6.1)				
Total Revenues	**$ 280,030**	**$ 292,271**	**$ (12,241)**	**(4.2)%**				
Fuel, purchased supply and direct transmission expense[1]	**77,995**	**95,554**	**(17,559)**	**(18.4)**				
Utility Margin[2]	**$ 202,035**	**$ 196,717**	**$ 5,318**	**2.7 %**				

(1) Exclusive of depreciation and depletion.

(2) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above. Also see "Overall Consolidated Results" above for reconciliation of gross margin to utility margin.

	Cooling Degree Days			2023 as compared with:	
	2023	2022	Historic Average	2022	Historic Average
Montana	396	562	390	30% cooler	2% warmer
South Dakota	744	811	634	8% cooler	17% warmer

	Heating Degree Days			2023 as compared with:	
	2023	2022	Historic Average	2022	Historic Average
Montana[1]	190	146	280	30% colder	32% warmer
South Dakota	25	24	78	4% colder	68% warmer

(1) Montana electric and natural gas heating degree days may differ due to differences in service territory.

The following summarizes the components of the changes in electric utility margin for the three months ended September 30, 2023 and 2022 (in millions):

	Utility Margin 2023 vs. 2022
Utility Margin Items Impacting Net Income	
Montana interim rates	$ 7.6
Lower non-recoverable Montana electric supply costs due to higher electric supply revenues and lower electric supply costs	4.0
Montana property tax tracker collections	1.0
Lower retail volumes	(4.3)
Lower transmission revenue due to market conditions and lower rates	(0.5)
Other	(0.3)
Change in Utility Margin Items Impacting Net Income	7.5
Utility Margin Items Offset Within Net Income	
Lower property taxes recovered in revenue, offset in property and other taxes	(2.8)
Higher revenue from lower production tax credits, offset in income tax expense	0.4
Higher operating expenses recovered in revenue, offset in operating and maintenance expense	0.2
Change in Utility Margin Items Offset Within Net Income	(2.2)
Increase in Utility Margin (1)	**$ 5.3**

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above. Also see "Overall Consolidated Results" above for reconciliation of gross margin to utility margin.

Lower retail volumes were driven by unfavorable weather in Montana and South Dakota impacting residential demand and lower commercial demand, partly offset by customer growth.

The change in regulatory amortization revenue is due to timing differences between when we incur electric supply costs and when we recover these costs in rates from our customers, which has a minimal impact on utility margin. Our wholesale and other revenues are largely utility margin neutral as they are offset by changes in fuel, purchased supply and direct transmission expenses.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

	Revenues		Change		Megawatt Hours (MWH)		Avg. Customer Counts	
	2023	2022	$	%	2023	2022	2023	2022
	(in thousands)							
Montana	$ 306,114	$ 252,893	$ 53,221	21.0 %	2,103	2,117	321,797	316,299
South Dakota	53,408	54,978	(1,570)	(2.9)	481	470	51,224	50,995
Residential	**359,522**	**307,871**	**51,651**	**16.8**	**2,584**	**2,587**	**373,021**	**367,294**
Montana	324,632	263,424	61,208	23.2	2,435	2,420	74,294	72,907
South Dakota	77,736	83,172	(5,436)	(6.5)	834	849	12,972	12,882
Commercial	**402,368**	**346,596**	**55,772**	**16.1**	**3,269**	**3,269**	**87,266**	**85,789**
Industrial	33,986	28,426	5,560	19.6	1,961	1,911	79	76
Other	27,229	25,365	1,864	7.3	119	142	6,483	6,488
Total Retail Electric	**$ 823,105**	**$ 708,258**	**$ 114,847**	**16.2 %**	**7,933**	**7,909**	**466,849**	**459,647**
Regulatory amortization	(80,085)	36,087	(116,172)	(321.9)				
Transmission	57,092	58,135	(1,043)	(1.8)				
Wholesale and Other	4,492	4,935	(443)	(9.0)				
Total Revenues	**$ 804,604**	**$ 807,415**	**$ (2,811)**	**(0.3)%**				
Fuel, purchased supply and direct transmission expense[1]	**198,492**	**230,872**	**(32,380)**	**(14.0)**				
Utility Margin[2]	**$ 606,112**	**$ 576,543**	**$ 29,569**	**5.1 %**				

(1) Exclusive of depreciation and depletion.

(2) Non-GAAP financial measure. See “Non-GAAP Financial Measure” above. Also see "Overall Consolidated Results" above for reconciliation of gross margin to utility margin.

	Cooling Degree Days			2023 as compared with:	
	2023	2022	Historic Average	2022	Historic Average
Montana[1]	440	602	454	27% cooler	3% cooler
South Dakota	945	877	708	8% warmer	33% warmer

	Heating Degree Days			2023 as compared with:	
	2023	2022	Historic Average	2022	Historic Average
Montana[1]	4,746	4,784	4,734	1% warmer	remained flat
South Dakota	5,982	5,712	5,681	5% colder	5% colder

(1) Montana electric and natural gas heating degree days may differ due to differences in service territory.

The following summarizes the components of the changes in electric utility margin for the nine months ended September 30, 2023 and 2022 (in millions):

		Utility Margin 2023 vs. 2022
Utility Margin Items Impacting Net Income		
Montana interim rates	$	22.7
Lower non-recoverable Montana electric supply costs due to higher electric supply revenues and lower electric supply costs		8.3
Montana property tax tracker collections		3.5
Higher retail volumes		2.0
Lower transmission revenue due to market conditions and lower rates		(1.0)
QF liability adjustment		(0.1)
Other		(0.6)
Change in Utility Margin Items Impacting Net Income		34.8
Utility Margin Items Offset Within Net Income		
Lower property taxes recovered in revenue, offset in property and other taxes		(6.8)
Lower operating expenses recovered in revenue, offset in operating and maintenance expense		(1.5)
Higher revenue from lower production tax credits, offset in income tax expense		3.1
Change in Utility Margin Items Offset Within Net Income		(5.2)
Increase in Utility Margin [(1)]	**$**	**29.6**

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above. Also see "Overall Consolidated Results" above for reconciliation of gross margin to utility margin.

Higher retail volumes were driven by customer growth, partly offset by overall unfavorable weather in Montana impacting residential demand and lower commercial demand as compared to the prior year.

The adjustment to our electric QF liability (unrecoverable costs associated with contracts covered by the Public Utility Regulatory Policies Act of 1978 (PURPA) as part of a 2002 stipulation with the MPSC and other parties) reflects a $5.0 million gain in 2023, as compared with a $5.1 million gain for the same period in 2022, due to the combination of:

- A $0.8 million favorable reduction in costs for the current contract year to record the annual adjustment for actual output and pricing as compared with a $1.8 million favorable reduction in costs in the prior period; and
- A favorable adjustment, decreasing the QF liability by $4.2 million, reflecting annual actual contract price escalation for the 2023-2024 contract year, which was less than previously estimated. The 2023-2024 contract year is the last year of the contract that contains variable pricing terms. This is compared to a favorable adjustment of $3.3 million in the prior year due to less than previously estimated actual price escalation.

The change in regulatory amortization revenue is due to timing differences between when we incur electric supply costs and when we recover these costs in rates from our customers, which has a minimal impact on utility margin. Our wholesale and other revenues are largely utility margin neutral as they are offset by changes in fuel, purchased supply and direct transmission expenses.

NATURAL GAS SEGMENT

We have various classifications of natural gas revenues, defined as follows:

- Retail: Sales of natural gas to residential, commercial and industrial customers, and the impact of regulatory mechanisms.
- Regulatory amortization: Primarily represents timing differences for natural gas supply costs and property taxes between when we incur these costs and when we recover these costs in rates from our customers, which is also reflected in fuel, purchased supply and direct transmission expenses and therefore has minimal impact on utility margin. The amortization of these amounts are offset in retail revenue.
- Wholesale: Primarily represents transportation and storage for others.

Three Months Ended September 30, 2023 Compared with the Three Months Ended September 30, 2022

	Revenues		Change		Dekatherms (Dkt)		Avg. Customer Counts	
	2023	2022	$	%	2023	2022	2023	2022
	(in thousands)							
Montana	$ 9,603	$ 10,774	$ (1,171)	(10.9)%	825	729	183,586	181,729
South Dakota	1,987	2,362	(375)	(15.9)	102	102	41,821	41,223
Nebraska	2,251	3,228	(977)	(30.3)	138	138	37,580	37,522
Residential	**13,841**	**16,364**	**(2,523)**	**(15.4)**	**1,065**	**969**	**262,987**	**260,474**
Montana	6,136	7,066	(930)	(13.2)	622	568	25,657	25,267
South Dakota	1,498	2,080	(582)	(28.0)	208	161	7,184	7,009
Nebraska	1,291	2,321	(1,030)	(44.4)	142	145	4,970	4,946
Commercial	**8,925**	**11,467**	**(2,542)**	**(22.2)**	**972**	**874**	**37,811**	**37,222**
Industrial	106	117	(11)	(9.4)	13	11	231	233
Other	160	222	(62)	(27.9)	19	20	191	179
Total Retail Gas	**$ 23,032**	**$ 28,170**	**$ (5,138)**	**(18.2)%**	**2,069**	**1,874**	**301,220**	**298,108**
Regulatory amortization	7,458	5,588	1,870	(33.5)				
Wholesale and other	10,570	9,040	1,530	16.9				
Total Revenues	**$ 41,060**	**$ 42,798**	**$ (1,738)**	**(4.1)%**				
Fuel, purchased supply and direct transmission expense[(1)]	**10,948**	**13,367**	**(2,419)**	**(18.1)**				
Utility Margin[(2)]	**$ 30,112**	**$ 29,431**	**$ 681**	**2.3 %**				

(1) Exclusive of depreciation and depletion.

(2) Non-GAAP financial measure. See “Non-GAAP Financial Measure” above. Also see "Overall Consolidated Results" above for reconciliation of gross margin to utility margin.

	Heating Degree Days			2023 as compared with:	
	2023	2022	Historic Average	2022	Historic Average
Montana[(1)]	226	180	319	26% colder	29% warmer
South Dakota	25	24	78	4% colder	68% warmer
Nebraska	15	9	34	67% colder	56% warmer

(1) Montana electric and natural gas heating degree days may differ due to differences in service territory.

The following summarizes the components of the changes in natural gas utility margin for the three months ended September 30, 2023 and 2022:

	Utility Margin 2023 vs. 2022	
	(in millions)	
Utility Margin Items Impacting Net Income		
Higher retail volumes	$	0.6
Montana property tax tracker collections		0.3
Higher Montana natural gas transportation		0.3
Montana interim rates		0.2
Other		(0.4)
Change in Utility Margin Items Impacting Net Income		1.0
Utility Margin Items Offset Within Net Income		
Lower property taxes recovered in revenue, offset in property and other taxes		(0.3)
Lower gas production taxes recovered in revenue, offset in property and other taxes		(0.1)
Higher operating expenses recovered in revenue, offset in operating and maintenance expense		0.1
Change in Utility Margin Items Offset Within Net Income		(0.3)
Increase in Utility Margin (1)	**$**	**0.7**

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above. Also see "Overall Consolidated Results" above for reconciliation of gross margin to utility margin.

Higher retail volumes were driven by favorable weather and customer growth.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

	Revenues		Change		Dekatherms (Dkt)		Avg. Customer Counts	
	2023	2022	$	%	2023	2022	2023	2022
	(in thousands)							
Montana	$ 94,074	$ 91,669	$ 2,405	2.6 %	9,206	9,469	183,584	181,629
South Dakota	30,297	31,686	(1,389)	(4.4)	2,557	2,566	41,962	41,383
Nebraska	30,221	26,028	4,193	16.1	2,053	1,960	37,752	37,634
Residential	**154,592**	**149,383**	**5,209**	**3.5**	**13,816**	**13,995**	**263,298**	**260,646**
Montana	52,393	48,813	3,580	7.3	5,456	5,291	25,679	25,280
South Dakota	21,289	23,030	(1,741)	(7.6)	2,385	2,314	7,218	7,026
Nebraska	19,119	16,004	3,115	19.5	1,528	1,411	5,017	4,987
Commercial	**92,801**	**87,847**	**4,954**	**5.6**	**9,369**	**9,016**	**37,914**	**37,293**
Industrial	995	890	105	11.8	107	100	231	232
Other	1,282	1,381	(99)	(7.2)	155	171	189	177
Total Retail Gas	**$ 249,670**	**$ 239,501**	**$ 10,169**	**4.2 %**	**23,447**	**23,282**	**301,632**	**298,348**
Regulatory amortization	(21,312)	(22,188)	876	(3.9)				
Wholesale and other	33,172	27,826	5,346	19.2				
Total Revenues	**$ 261,530**	**$ 245,139**	**$ 16,391**	**6.7 %**				
Fuel, purchased supply and direct transmission expense[(1)]	**123,521**	**108,122**	**15,399**	**14.2**				
Utility Margin[(2)]	**$ 138,009**	**$ 137,017**	**$ 992**	**0.7 %**				

(1) Exclusive of depreciation and depletion.

(2) Non-GAAP financial measure. See “Non-GAAP Financial Measure” above. Also see "Overall Consolidated Results" above for reconciliation of gross margin to utility margin.

	Heating Degree Days			2023 as compared with:	
	2023	2022	Historic Average	2022	Historic Average
Montana[(1)]	4,855	4,926	4,854	1% warmer	remained flat
South Dakota	5,982	5,712	5,681	5% colder	5% colder
Nebraska	4,521	4,239	4,461	7% colder	1% colder

(1) Montana electric and natural gas heating degree days may differ due to differences in service territory.

The following summarizes the components of the changes in natural gas utility margin for the nine months ended September 30, 2023 and 2022:

	Utility Margin 2023 vs. 2022	
	(in millions)	
Utility Margin Items Impacting Net Income		
Higher Montana natural gas transportation	$	1.8
Montana property tax tracker collections		1.3
Montana interim rates		0.7
Lower retail volumes		(1.0)
Other		(0.4)
Change in Utility Margin Items Impacting Net Income		2.4
Utility Margin Items Offset Within Net Income		
Lower property taxes recovered in revenue, offset in property tax expense		(0.9)
Lower gas production taxes recovered in revenue, offset in property and other taxes		(0.6)
Higher operating expenses recovered in revenue, offset in property and other taxes		0.1
Change in Utility Margin Items Offset Within Net Income		(1.4)
Increase in Utility Margin [(1)]	**$**	**1.0**

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measure" above. Also see "Overall Consolidated Results" above for reconciliation of gross margin to utility margin.

Lower retail volumes were driven by unfavorable weather in Montana impacting residential volumes, partly offset by favorable weather in South Dakota and Nebraska and customer growth.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We require liquidity to support and grow our business, and use our liquidity for working capital needs, capital expenditures, investments in or acquisitions of assets, and to repay debt. For NorthWestern Energy Group, liquidity is primarily provided by dividends from its operating subsidiary, NorthWestern Corporation, which are subject to similar regulatory provisions as existed before the holding company reorganization, including minimum equity ratio, various debt agreements, and the Federal Power Act. As of September 30, 2023, we are in compliance with these provisions.

We believe our cash flows from operations, existing borrowing capacity, debt and equity issuances, and future utility rate increases should be sufficient to fund our operations, service existing debt, pay dividends, and fund capital expenditures. We plan to maintain a 50 - 55 percent debt to total capital ratio excluding finance leases, and expect to continue targeting a long-term dividend payout ratio of 60 - 70 percent of earnings per share; however, there can be no assurance that we will be able to meet these targets.

As of September 30, 2023, our total net liquidity was approximately $378.1 million, including $5.1 million of cash and $373.0 million of revolving credit facility availability with no letters of credit outstanding.

Cash Flows

The following table summarizes our consolidated cash flows (in millions):

	Nine Months Ended September 30,	
	2023	2022
Operating Activities		
Net income	$ 111.0	$ 116.3
Non-cash adjustments to net income	141.1	132.5
Changes in working capital	194.5	72.3
Other noncurrent assets and liabilities	(19.6)	(11.8)
Cash Provided by Operating Activities	**427.0**	**309.3**
Investing Activities		
Property, plant and equipment additions	(407.2)	(386.4)
Investment in equity securities	(3.8)	(0.9)
Cash Used in Investing Activities	**(411.0)**	**(387.3)**
Financing Activities		
Proceeds from issuance of common stock, net of issuance costs	73.6	179.9
Issuance of long-term debt	300.0	—
Line of credit (repayments) borrowings, net	(273.0)	12.0
Dividends on common stock	(115.0)	(103.0)
Other financing activities, net	(2.4)	(1.0)
Cash (Used in) Provided by Financing Activities	**(16.8)**	**87.9**
(Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	**(0.8)**	**9.9**
Cash, Cash Equivalents, and Restricted Cash, beginning of period	22.5	18.8
Cash, Cash Equivalents, and Restricted Cash, end of period	**$ 21.7**	**$ 28.7**

Operating Activities

As of September 30, 2023, cash, cash equivalents, and restricted cash were $21.7 million as compared with $22.5 million as of December 31, 2022 and $28.7 million as of September 30, 2022. Cash provided by operating activities totaled $427.0 million for the nine months ended September 30, 2023 as compared with $309.3 million during the nine months ended September 30, 2022. As shown in the table below, this increase in operating cash flows is primarily due to a $101.6 million improvement in collections of energy supply costs and interim rates in our Montana rate review, partly offset by lower net income.

Uncollected energy supply costs (in millions)

	Beginning of period	End of period	Net cash inflows
2022	$ 99.1	$ 101.9	$ (2.8)
2023	$ 115.4	$ 16.6	$ 98.8
		Improvement in net cash inflows	$ 101.6

On September 28, 2022, the MPSC approved our request for interim rates, including a $61.1 million increase to the PCCAM Base (from $138.7 million to $199.8 million), which became effective in customer rates on October 1, 2022. As of September 30, 2023, our uncollected energy supply cost balance related to the July 2022 - June 2023 PCCAM period was approximately $19.5 million that we began collecting in October 2023. As of September 30, 2023, our uncollected energy supply cost balance related to the July 2023 - June 2024 PCCAM period was approximately $0.3 million.

As discussed above, on October 25, 2023 the MPSC approved our Montana rate review settlement which includes an update to the PCCAM by adjusting the base costs from $138.7 million to $208.4 million and providing for more timely quarterly recovery of deferred balances instead of annual recovery. The updated $208.4 million PCCAM Base is retroactive to an effective date of July 1, 2022. With the adjusted PCCAM Base, we anticipate continued improvements in our cash flows from operations. However, unfavorable results in our Montana rate review, and continued higher overall market prices, which could be further exacerbated by extreme weather events, could create additional costs with deferred recovery that would offset these anticipated cash flow improvements.

Investing Activities

Cash used in investing activities totaled $411.0 million during the nine months ended September 30, 2023, as compared with $387.3 million during the nine months ended September 30, 2022. Plant additions during the first nine months of 2023 include maintenance additions of approximately $235.0 million and capacity related capital expenditures of $172.2 million. Plant additions during the first nine months of 2022 included maintenance additions of approximately $218.0 million and capacity related capital expenditures of approximately $168.4 million.

Financing Activities

Cash used in financing activities totaled $16.8 million during the nine months ended September 30, 2023 as compared with cash provided by financing activities of $87.9 million during the nine months ended September 30, 2022. During the nine months ended September 30, 2023, cash used in financing activities reflects net repayments under our revolving lines of credit of $273.0 million and payment of dividends of $115.0 million, offset in part by net proceeds from the issuance of debt of $300.0 million and proceeds received from the issuance of common stock of $73.6 million. During the nine months ended September 30, 2022, cash provided by financing activities reflects proceeds received from the issuance of common stock of $179.9 million and net issuances under our revolving lines of credit of $12.0 million, offset in part by payment of dividends of $103.0 million.

Cash Requirements and Capital Resources

We believe our cash flows from operations, existing borrowing capacity, debt and equity issuances and future rate increases should be sufficient to satisfy our material cash requirements over the short-term and the long-term. As a rate-regulated utility our customer rates are generally structured to recover expected operating costs, with an opportunity to earn a return on our invested capital. This structure supports recovery for many of our operating expenses, although there are situations where the timing of our cash outlays results in increased working capital requirements. Due to the seasonality of our utility business, our short-term working capital requirements typically peak during the coldest winter months and warmest summer months when we cover the lag between when purchasing energy supplies and when customers pay for these costs. Our credit facilities may also be utilized for funding cash requirements during seasonally active construction periods, with peak activity during warmer months. Our cash requirements also include a variety of contractual obligations as outlined below in the "Contractual Obligations and Other Commitments" section.

Our material cash requirements are also related to investment in our business through our capital expenditure program. Our estimated capital expenditures are discussed in the NorthWestern Corporation Annual Report on Form 10-K for the year ended December 31, 2022 within the Management's Discussion and Analysis of Financial Condition and Results of Operations under the "Significant Infrastructure Investments and Initiatives" section. As of September 30, 2023, there have been no material changes in our estimated capital expenditures. The actual amount of capital expenditures is subject to certain factors including the impact that a material change in operations, available financing, supply chain issues, or inflation could impact our current liquidity and ability to fund capital resource requirements. Events such as these could cause us to defer a portion of our planned capital expenditures, as necessary. To fund our strategic growth opportunities, we evaluate the additional capital need in balance with debt capacity and equity issuances that would be intended to allow us to maintain investment grade ratings.

Credit Facilities

Liquidity is generally provided by internal cash flows and the use of NorthWestern Corporation's unsecured revolving credit facilities. We utilize availability under the NorthWestern Corporation revolving credit facilities to manage our cash flows due to the seasonality of our business and to fund capital investment. Cash on hand in excess of current operating requirements is generally used to invest in our business and reduce borrowings.

The NorthWestern Corporation $425 million Credit Facility has a maturity date of May 18, 2027. The Credit Facility includes uncommitted features that allow us to request up to two one-year extensions to the maturity date and increase the size by an additional $75 million with the consent of the lenders. The Credit Facility does not amortize and is unsecured. Borrowings may be made at interest rates equal to (a) secured overnight financing rate as administered by the Federal Reserve Bank of New York (SOFR), plus a credit spread adjustment of 10.0 basis points, plus a margin of 100.0 to 175.0 basis points, or (b) a base rate, plus a margin of 0.0 to 75.0 basis points. A total of nine banks participate in the facility, with no one bank providing more than 15 percent of the total availability.

The NorthWestern Corporation $25 million Swingline Facility has a maturity date of March 27, 2025. The Swingline Facility does not amortize and is unsecured. Borrowings may be made at interest rates equal to (a) SOFR, plus a margin of 90.0 basis points, or (b) a base rate plus a margin of 12.5 basis points.

As of September 30, 2023 and 2022 the outstanding balances on the above credit facilities were $177.0 million and $385.0 million, respectively. As of October 20, 2023, the availability under the NorthWestern Corporation revolving credit facilities was approximately $176.0 million, and there were no letters of credit outstanding.

The NorthWestern Corporation $100 million Additional Credit Facility has a maturity date of April 28, 2024. The Additional Credit Facility does not amortize and is unsecured. Borrowings may be made at interest rates equal to (a) SOFR, plus a credit spread adjustment of 10.0 basis points, plus a margin of 100.0 to 175.0 basis points, or (b) a base rate, plus a margin of 0.0 to 75.0 basis points. There is currently no amount outstanding associated with this Additional Credit Facility.

In the early part of 2024, we intend to establish separate unsecured revolving credit facilities for NorthWestern Energy Group and NorthWestern Energy Public Service Corporation.

Long-term Debt and Equity

We generally issue long-term debt to refinance other long-term debt maturities and borrowings under our revolving credit facilities, as well as to fund long-term capital investments and strategic opportunities. We have $100.0 million of debt maturing in March 2024, which we intend to refinance.

On March 30, 2023, we issued and sold $239.0 million aggregate principal amount of Montana First Mortgage Bonds at a fixed interest rate of 5.57 percent maturing on March 30, 2033. On this same day, we issued and sold $31.0 million aggregate principal amount of South Dakota First Mortgage Bonds at a fixed interest rate of 5.57 percent maturing on March 30, 2033. On May 1, 2023, we issued and sold an additional $30.0 million aggregate principal amount of South Dakota First Mortgage Bonds at a fixed interest rate of 5.42 percent maturing on May 1, 2033. These bonds were issued in transactions exempt from the registration requirements of the Securities Act of 1933. Proceeds were used to repay a portion of our outstanding borrowings under our revolving credit facilities and for other general corporate purposes. The bonds are secured by our electric and natural gas assets in Montana and South Dakota.

Pursuant to the NorthWestern Corporation Equity Distribution Agreement we have offered and sold shares of our common stock through an At-the-Market (ATM) offering program. During the three months ended September 30, 2023, we issued 1,244,056 shares of common stock under the ATM program at an average price of $51.14 per share, for net proceeds of $62.8 million which is net of sales commissions and other fees paid of approximately $0.8 million. During the nine months ended September 30, 2023, we issued 1,432,738 shares of common stock under the ATM program at an average price of $52.02 per share, for net proceeds of $73.6 million which is net of sales commissions and other fees paid of approximately $0.9 million. As of September 30, 2023, we have completed the ATM offering program under the Equity Distribution Agreement.

On June 29, 2023, the City of Forsyth, Rosebud County, Montana issued $144.7 million principal amount of Pollution Control Revenue Refunding Bonds (2023 Pollution Control Bonds) on our behalf. The 2023 Pollution Control Bonds were issued at a fixed interest rate of 3.88 percent maturing on July 1, 2028. The proceeds of the issuance were loaned to us pursuant to a Loan Agreement and were deposited directly with U.S. Bank Trust Company, National Association, as trustee, for the redemption of the 2.00 percent, $144.7 million City of Forsyth Pollution Control Revenue Refunding Bonds due on August 1, 2023 that had previously been issued on our behalf. Pursuant to the Loan Agreement, we are obligated to make payments in such amounts and at such times as will be sufficient to pay, when due, the principal and interest on the 2023 Pollution Control Bonds. Our obligations under the Loan Agreement are secured by delivery of a like amount of our Montana First Mortgage Bonds, which are secured by our Montana electric and natural gas assets. So long as we are making payments under the Loan Agreement, no payments under these mortgage bonds will be due. The 2023 Pollution Control Bonds were issued in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended.

We generally issue equity securities to fund long-term investment in our business. We evaluate our equity issuance needs to support our plan to maintain a 50 - 55 percent debt to total capital ratio excluding finance leases.

Credit Ratings

In general, less favorable credit ratings make debt financing more costly and more difficult to obtain on terms that are favorable to us and our customers, may impact our trade credit availability, and could result in the need to issue additional equity securities. Fitch Ratings (Fitch), Moody's Investors Service (Moody's), and S&P Global Ratings (S&P) are independent credit-rating agencies that rate our debt securities. These ratings indicate the agencies' assessment of our ability to pay interest and principal when due on our debt. NorthWestern Energy Group is not currently rated by these agencies. As of October 20, 2023, NorthWestern Corporation's current ratings with these agencies are as follows:

	Senior Secured Rating	Senior Unsecured Rating	Outlook
Fitch	A-	BBB+	Stable
Moody's	A3	Baa2	Stable
S&P	A-	BBB	Stable

A security rating is not a recommendation to buy, sell or hold securities. Such rating may be subject to revision or withdrawal at any time by the credit rating agency and each rating should be evaluated independently of any other rating.

Contractual Obligations and Other Commitments

We have a variety of contractual obligations and other commitments that require payment of cash at certain specified periods. The following table summarizes our contractual cash obligations and commitments as of September 30, 2023.

	Total	2023	2024	2025	2026	2027	Thereafter
				(in thousands)			
Long-term debt[1]	$ 2,656,660	$ —	$ 100,000	$ 325,000	$ 105,000	$ 152,000	$ 1,974,660
Finance leases	9,602	803	3,338	3,596	1,865	—	—
Estimated pension and other postretirement obligations[2]	49,164	3,396	11,667	11,367	11,367	11,367	N/A
Qualifying facilities liability[3]	322,679	19,617	74,110	60,360	55,393	56,665	56,534
Supply and capacity contracts [4]	2,638,252	99,012	293,788	238,421	252,899	232,949	1,521,183
Contractual interest payments on debt[5]	1,552,404	27,201	112,537	103,196	97,106	88,943	1,123,421
Commitments for significant capital projects[6]	93,983	21,564	61,897	10,522	—	—	—
Total Commitments[7]	$ 7,322,744	$ 171,593	$ 657,337	$ 752,462	$ 523,630	$ 541,924	$ 4,675,798

(1) Represents cash payments for long-term debt and excludes $12.2 million of debt discounts and debt issuance costs, net.

(2) We estimate cash obligations related to our pension and other postretirement benefit programs for five years, as it is not practicable to estimate thereafter. Pension and postretirement benefit estimates reflect our expected cash contributions, which may be in excess of minimum funding requirements.

(3) Certain QFs require us to purchase minimum amounts of energy at prices ranging from $64 to $136 per MWH through 2029. Our estimated gross contractual obligation related to these QFs is approximately $322.7 million. A portion of the costs incurred to purchase this energy is recoverable through rates authorized by the MPSC, totaling approximately $281.8 million.

(4) We have entered into various purchase commitments, largely purchased power, electric transmission, coal and natural gas supply and natural gas transportation contracts. These commitments range from one to 26 years. The energy supply costs incurred under these contracts are generally recoverable through rate mechanisms approved by the MPSC.

(5) Contractual interest payments include our revolving credit facilities, which have a variable interest rate. We have assumed an average interest rate of 6.67 percent on the outstanding balance through maturity of the facilities.

(6) Represents significant firm purchase commitments for construction of planned capital projects.

(7) The table above excludes potential tax payments related to uncertain tax positions as they are not practicable to estimate. Additionally, the table above excludes reserves for environmental remediation (See Note 10 - Commitments and Contingencies) and asset retirement obligations as the amount and timing of cash payments may be uncertain.

Other Obligations - As a co-owner of Colstrip, we provided surety bonds of approximately $15.7 million and $17.3 million as of September 30, 2023 and December 31, 2022, respectively, to ensure the operation and maintenance of remedial and closure actions are carried out related to the Administrative Order on Consent Regarding Impacts Related to Wastewater Facilities Comprising the Closed-Loop System at Colstrip Steam Electric Stations, Colstrip Montana (the AOC) as required by the MDEQ. As costs are incurred under the AOC, the surety bonds will be reduced.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of financial condition and results of operations is based on our Financial Statements, which have been prepared in accordance with GAAP. The preparation of these Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions that are believed to be proper and reasonable under the circumstances.

We continually evaluate the appropriateness of our estimates and assumptions. Actual results could differ from those estimates. We consider an estimate to be critical if it is material to the Financial Statements and it requires assumptions to be made that were uncertain at the time the estimate was made and changes in the estimate are reasonably likely to occur from period to period. This includes the accounting for the following: regulatory assets and liabilities, pension and postretirement benefit plans, income taxes and qualifying facilities liability. These policies were disclosed in Management’s Discussion and Analysis of Financial Condition and Results of Operations in the NorthWestern Corporation Annual Report on Form 10-K for the year ended December 31, 2022. As of September 30, 2023, there have been no material changes in these policies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, including, but not limited to, interest rates, energy commodity price volatility, and counterparty credit exposure. We have established comprehensive risk management policies and procedures to manage these market risks. There have been no material changes in our market risks as disclosed in the NorthWestern Corporation Annual Report on Form 10-K for the year ended December 31, 2022 .

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and accumulated and reported to management, including the principal executive officer and principal financial officer to allow timely decisions regarding required disclosure.

We conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 10 - Commitments and Contingencies, to the Financial Statements for information regarding legal proceedings.

ITEM 1A. RISK FACTORS

Refer to the NorthWestern Corporation Annual Report on the Form 10-K for the year ended December 31, 2022 for disclosure of the risk factors that could have a significant impact on our business, financial condition, results of operations or cash flows and could cause actual results or outcomes to differ materially from those discussed in our reports filed with the SEC (including this Quarterly Report on Form 10-Q), and elsewhere. Other than noted below, these risk factors have not changed materially since such disclosure.

NorthWestern Energy Group is a holding company and relies on cash from its subsidiary to pay dividends.

Through completion of a reorganization on October 2, 2023, NorthWestern Energy Group is a holding company parent entity and thus its primary asset is its subsidiary, NorthWestern Corporation. Substantially all operations are conducted by NorthWestern Corporation and its subsidiaries. We depend on earnings, cash flows and dividends from our subsidiary to pay dividends on our common stock. Regulatory, contractual and legal limitations, as well as the subsidiary capital requirements, affect the ability of the subsidiary to pay dividends up to the parent entity and thereby could restrict or influence our ability or decision to pay dividends on our common stock, which could adversely affect our stock price.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading agreement" or "non-Rule 10b5-1 trading agreement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS -

(a) Exhibits

Exhibit 2(a) — Agreement and Plan of Merger, dated October 2, 2023 by and among NorthWestern Corporation, NorthWestern Energy Group, Inc. and NorthWestern Energy Merger Company, dated as of October 2, 2023 (incorporated by reference to Exhibit 2(a) of NorthWestern Corporation's Current Report on Form 8-K, dated October 2, 2023, Commission File No. 1-10499).

Exhibit 3(a) — Amended and Restated Certificate of Incorporation of NorthWestern Energy Group, Inc., dated as of September 25, 2023 (incorporated by reference to Exhibit 3(a) of Northwestern Energy Group Inc.'s Current Report on Form 8-K, dated October 2, 2023).

Exhibit 3(b) — Amended and Restated Bylaws of NorthWestern Energy Group, Inc., dated as of September 29, 2023 (incorporated by reference to Exhibit 3(b) of Northwestern Energy Group Inc.'s Current Report on Form 8-K, date October 2, 2023).
Exhibit 4.5 – Description of Securities (incorporated by reference to NorthWestern Energy Group Inc.'s Form S-3 Registration Statement (File Number 333-274813), dated October 2, 2023).

10.1(a)–NorthWestern Energy Group, Inc., Deferred Compensation Plan for Non-Employee Directors, as amended and renamed effective October 2, 2023.

10.1(b)–NorthWestern Energy Group, Inc. Amended and Restated Equity Compensation Plan, as amended and restated effective October 2, 2023.

Exhibit 31.1—Certification of chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - NorthWestern Energy Group, Inc.

Exhibit 31.2—Certification of chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - NorthWestern Energy Group, Inc.

Exhibit 31.3—Certification of chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - NorthWestern Corporation.

Exhibit 31.4—Certification of chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - NorthWestern Corporation.

Exhibit 32.1—Certification of chief executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - NorthWestern Energy Group, Inc.

Exhibit 32.2—Certification of chief financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - NorthWestern Energy Group, Inc.

Exhibit 32.3—Certification of chief executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - NorthWestern Corporation.

Exhibit 32.4—Certification of chief executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - NorthWestern Corporation.

Exhibit 101.INS—Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

Exhibit 101.SCH—Inline XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL—Inline XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.DEF—Inline XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 101.LAB—Inline XBRL Taxonomy Label Linkbase Document

Exhibit 101.PRE—Inline XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	NorthWestern Energy Group, Inc.
Date: October 27, 2023	By: /s/ CRYSTAL LAIL
	Crystal Lail
	Vice President and Chief Financial Officer
	Duly Authorized Officer and Principal Financial Officer
	NorthWestern Corporation
Date: October 27, 2023	By: /s/ CRYSTAL LAIL
	Crystal Lail
	Vice President and Chief Financial Officer
	Duly Authorized Officer and Principal Financial Officer

NORTHWESTERN ENERGY GROUP, INC.
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS

Effective February 1, 2005

As Amended December 15, 2005

As Amended October 31, 2007

As Amended April 21, 2010

As Amended (and Renamed) October 2, 2023

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NORTHWESTERN ENERGY GROUP, INC.
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS

Amended and Restated

As of October 2, 2023

PREAMBLE

NorthWestern Corporation, a Delaware corporation, by resolution of its Board of Directors dated January 26, 2005, originally adopted the NorthWestern Corporation 2005 Deferred Compensation Plan for Non-Employee Directors (the "*Plan*"), effective as of February 1, 2005, for the benefit of non-employee members of its Board of Directors, and the Plan subsequently was amended and restated from time to time. Effective as of October 2, 2023, the Plan is renamed as the "*NorthWestern Energy Group, Inc. Deferred Compensation Plan for Non-Employee Directors*" and amended and restated as set forth herein to reflect the assumption of the Plan by NorthWestern Energy Group, Inc. (the "*Company*").

The Plan is a nonqualified deferred compensation plan which is unfunded and is maintained primarily for the purpose of providing deferred compensation for non-employee directors of the Company.

ARTICLE 1
Definitions

Whenever the following terms are used in the Plan with the first letter capitalized, they shall have the meaning specified below unless the context clearly indicates to the contrary.

1.1 *"Account"* of a Participant shall mean the Participant's individual deferred compensation account established for his or her benefit pursuant to Section 4.1 hereof that is credited with amounts equal to (a) the portion of the Participant's Qualified Compensation that he or she elects to defer pursuant to Section 3.1, and (b) earnings and losses pursuant to Section 4.5.

1.2 *"Administrator"* shall mean NorthWestern Energy Group, Inc., acting through the Board and any committee that the Board has appointed to act at its pleasure to administer the Plan. If the Board or a committee of the Board appoints any Delegate under Section 7.4 hereof, the term "Administrator" shall mean the Delegate as to those duties, powers and responsibilities specifically conferred upon the Delegate. Notwithstanding any delegation of authority, the Board shall, with respect to any matter arising under this Plan, have the authority to act in lieu of the Administrator, any Delegate, any sub-committee, or any other person.

1.3 *"Board"* shall mean the Board of Directors of NorthWestern Energy Group, Inc. The Board may delegate any power or duty otherwise allocated to the Administrator to any other person or persons, including a sub-committee or sub-committees, appointed under Section 7.4 hereof.

1.4 *"Change in Control"* means, for purposes of the interpretation of this Plan in conformance with section 409A of the Code and the applicable guidance issued by the Department of the Treasury with respect to the application of section 409A, with respect to a Plan Participant, a Change in Control event must relate to: (i) the corporation for which the Participant is performing services at the time of the Change in Control event, (ii) the corporation that is liable for the payment of the deferred compensation (or all corporations liable for the payment if more than one corporation is liable), or (iii) a corporation that is a majority shareholder of a corporation identified in part (i) or part (ii) above, or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in part (i) or part (ii) above. For purposes of this provision, a majority shareholder is a shareholder owning more than fifty percent (50%) of the total fair market value and total voting power of such corporation. Also, for purposes of this provision, section 318(a) of the Code applies to determine stock ownership. Additionally, for purposes of this provision and in conformance with section 409A and the applicable guidance issued by the Department of the Treasury with respect to the application of section 409A, a change in the ownership of a corporation or a change in the effective control of a corporation is determined in accordance with the provisions described below in this definition.

i. A change in the ownership of a corporation shall occur on the date that any one person, or more than one person acting as a group, in one transaction or a series of transactions, directly or indirectly, acquires ownership of stock of the corporation that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the corporation. However, if any one person or more than one person acting as a group, is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the corporation, the acquisition of additional stock by the same person or persons shall not be considered to cause a change in the ownership of the corporation (or to cause a change in the effective control of the corporation). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction, in one transaction or a series of transactions, directly or indirectly, in which the corporation acquires its stock in exchange for property shall be treated as an acquisition of stock for purposes of this provision.

ii. For purposes of paragraph (i) above, persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

iii. A change in the effective control of a corporation shall occur on the date that either:

a. any one person, or more than one person acting as a group, in one transaction or a series of transactions, directly or indirectly, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing thirty-five percent (35%) or more of the total voting power of the stock of the corporation; or

b. a majority of members of the board of directors of the corporation is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the board of directors of the corporation prior to the date of the appointment or election, provided that for purposes of this subparagraph (B) the term “corporation” shall be determined in accordance with the requirements of section 409A of the Code and the applicable guidance issued by the Department of the Treasury with respect to the application of section 409A of the Code.

iv. A change in the ownership of a substantial portion of the assets of a corporation shall occur on the date that any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

The provisions of this section 1.4 regarding the definition of the term “Change in Control,” shall be determined and administered in accordance with Code Section 409A and the applicable guidance issued by the Department of the Treasury with respect to the application of section 409A.”

1.5 *“Code”* shall mean the Internal Revenue Code of 1986, as amended from time to time, together with regulations there under.

1.6 *“Company”* shall mean NorthWestern Energy Group, Inc. and all of its affiliates, and any entity which is a successor in interest to the Company.

1.7 *“Deferred Share Units”* shall have the meaning set forth in the Company’s Amended and Restated Equity Compensation Plan (the “LTIP”).

1.8 *“Delegate”* shall mean each Delegate appointed in accordance with Section 7.4.

1.9 *“Disability”* means, with respect to a Participant, the Participant is: (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company; or (iii) determined to be totally disabled by the Social Security Administration.

1.10 *“Eligible Person”* shall mean all non-employee members of the Board.

1.11 *“Enrollment Documents”* shall mean the Deferral Election Form, the Investment Election Form, and the Distribution Election Form substantially in the form attached hereto as Exhibits A, B, and C, respectively. The Administrator shall have the discretion to change the terms and conditions of any Enrollment Document at any time prior to the date on which it becomes a legally binding agreement pursuant to the terms of Section 3.1 below. The use of Enrollment Documents may be administered electronically.

1.12 *“Exchange Act”* shall mean the Securities Exchange Act of 1934, as amended.

1.13 *“Hardship”* means an unforeseeable emergency resulting in financial hardship of the Participant or beneficiary due to an illness or accident of the Participant or beneficiary, a spouse of the Participant or beneficiary or of a dependent (as defined in Code Section 152(a)) of a Participant or beneficiary; loss of the Participant’s or the beneficiary’s property due to casualty, or other similar or extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or beneficiary. Whether a Participant or beneficiary is faced with an unforeseeable emergency permitting a distribution under the Plan shall be determined based upon the relevant facts and circumstances of each case, but in any case, its distribution shall not be allowed to the extent that such hardship is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant’s assets to the extent liquidation of such assets would not cause a severe financial hardship or be cessation of deferrals under the Plan. The amount of a distribution on account of a hardship shall be limited to the amount reasonably necessary to satisfy the emergency need plus amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution.

1.14 *"Investment Fund"* shall mean any of the investment funds that the Administrator so designates as available investment vehicles for measuring the return on Accounts under the Plan.

1.15 *"Participant"* shall mean each Eligible Person who elects to participate in the Plan as provided in Article 2 and who defers Qualified Compensation pursuant to Article 3 of the Plan. Each of such persons shall continue to be a "Participant" until they have received all benefits due under the Plan.

1.16 *"Plan"* shall mean the NorthWestern Energy Group, Inc. Deferred Compensation Plan for Non-Employee Directors.

1.17 *"Plan Year"* shall mean the 12-month period beginning on January 1st and ending on December 31st.

1.18 *"Qualified Compensation"* shall mean any compensation which may be payable to a Participant that may be designated on an Deferral Election Form.

1.19 *"Separation from Service"* shall mean a Participant's termination of service as a member of the Board of the Company for any reason, including the Participant's involuntary termination, resignation, death, Disability, or retirement.

1.20 *"Trust"* shall mean the trust established by the Trust Agreement dated April 1, 2010, as amended from time to time.

1.21 *"Trustee"* shall mean the trustee of the Trust, and shall refer to the successor of any trustee who resigns or is removed in accordance with the terms of the Trust.

ARTICLE 2
Eligibility

2.1 *Requirements for Participation.* Any Eligible Person who executes the Enrollment Documents shall become a Participant on the date on which the Administrator receives and accepts such documents.

2.2 *Enrollment Procedure.* The Company will be deemed to have accepted an Eligible Person's Enrollment Documents as of the date of their delivery to the Administrator, unless the Administrator sends the Eligible Person a written notice of rejection within ten (10) business days after receiving the Enrollment Documents.

ARTICLE 3
Participant Deferrals

3.1 *Deferral of Qualified Compensation.* To the extent allowed by the Administrator, each Eligible Person may elect to defer into his or her Account up to 100% of any Qualified Compensation that would otherwise be payable to him or her for any Plan Year, subject to any conditions or limitations that the Administrator may implement for a Plan Year through a written notice delivered to Eligible Persons at least thirty (30) days before the Plan Year begins.

An Eligible Person shall make any election pursuant to this Section 3.1 by completing and delivering his or her Enrollment Documents to the Administrator no later than the December 20th preceding the Plan Year to which they relate. Notwithstanding the foregoing, with respect to the initial Plan Year for this Plan or in the case of the first year in which an Eligible Person becomes eligible to participate in the Plan (as defined in section 1.409A-1(c) of the Final Regulations or the corresponding provision in subsequent guidance issued by the Department of the Treasury to include any other plan that would be considered together with this Plan as the same plan), the Eligible Person may make an initial deferral election within thirty

(30) days after the date the Eligible Person becomes eligible to participate in the Plan, with respect to Qualified Compensation with respect to services to be performed by the Eligible Person subsequent to the election.

3.2 *Irrevocability of Deferral Elections*. A Participant's election to defer Qualified Compensation for a Plan Year is irrevocable as of the last day of the calendar year preceding the calendar year in which the services related to the Qualified Compensation are to be performed. An election to revoke or modify an existing deferral election will be effective as of the first day of the next succeeding Plan Year.

ARTICLE 4

Deferred Compensation Accounts

4.1 *Deferred Compensation Accounts.* The Administrator shall establish and maintain for each Participant an Account to which shall be credited pursuant to Section 4.3 hereof, and from which shall be debited the Participant's distributions and withdrawals under Articles 5 and 6. Such Account may be a simple account payable in the Company's financial records.

4.2

Account Elections.

(a) At the time of making the deferral elections described in Section 3.1, the Administrator may in its discretion permit one or more Participants to designate whether such deferral shall be irrevocably credited to his or her Account in cash or DSUs, or some combination of the two. Notwithstanding the foregoing, to the extent a Participant defers Qualified Compensation that would otherwise be paid in shares of the Company's common stock, those shares (and any earnings thereon) shall be credited to the Participant's Account and shall be used to settle that portion of the Participant's Account.

(b) With respect to deferrals credited in cash to a Participant's Account, the Participant must designate, on the Investment Election form provided by the Administrator as part of the Enrollment Documents, the Investment Funds in which the Participant's Account will be deemed to be invested for purposes of determining the amount of earnings to be credited to his or her Account. In making the designation pursuant to this Section 4.2(b), the Participant may specify that all or any fraction of his or her Account be deemed to be invested, in whole percentage increments, in one or more of the Investment Funds provided under the Plan as communicated from time to time by the Administrator. A Participant may from time to time change the designation made under this Section 4.2(b) by filing a superseding investment election form.

4.3 *Crediting of Deferred Compensation.* As of the first day of each calendar month that begins after the Plan takes effect, each Participant's Account shall be credited with an amount that is equal to the amount of the Participant's Qualified Compensation which such Participant has elected to defer under Article 3 and which would otherwise have been paid in cash to the Participant during the preceding month.

4.4 *Crediting of Earnings.* With respect to each Participant's Account, beginning with the first day of the month after the Plan takes effect, earnings, if any, shall be credited at a rate equal to the earnings experience of the Investment Fund(s) selected by the Participant on his or her Investment Election Form for that percentage of the Participant's Accounts that are invested in each selected Investment Fund. Earnings shall be credited on such valuation dates as the Administrator shall determine, but not less frequently than once per calendar year.

4.5 *Applicability of Account Values.* The value of each Participant's Account as determined as of a given date under this Article, plus any amounts subsequently allocated thereto under this Article, and less any amounts distributed or withdrawn under Articles 5 or 6 shall remain the value thereof for all purposes of the Plan until the Account is revalued hereunder.

4.6 *Vesting of Deferred Compensation Accounts.* Each Participant's interest in his or her Account shall be 100% vested and non-forfeitable at all times.

4.7 *Assignments, Etc. Prohibited.* No part of any Participant's Account shall be liable to anyone other than the Company for the debts, contracts or engagements of the Participant, or the Participant's beneficiaries or successors in interest, or be taken in execution by levy, attachment or garnishment or by any other legal or equitable proceeding, nor shall any such person have any rights to alienate, anticipate, commute, pledge, encumber or assign any benefits or payments hereunder in any manner whatsoever except to designate a beneficiary as provided in Section 5.3.

ARTICLE 5
Distribution of Accounts

5.1 Distributions upon a Participant's Separation from Service. The Account of a Participant who incurs a Separation from Service other than on account of death shall be paid to the Participant as elected in accordance with Section 5.3. The Participant may choose to receive, upon Separation of Service, a lump sum payment or payments in approximately equal annual installments (not to exceed ten (10) years) and may choose to have payments begin within thirty (30) days following the date of the Participant's Separation from Service, or a 1-10 year delay following the date of the Participant's Separation from Service. A Participant also may optionally choose to receive an in-service withdrawal in a lump sum payment or payments in approximately equal annual installments (not to exceed ten (10) years) on a specified month and year. If both distribution options are chosen, the distribution will process on the earlier of Separation from Service or the in-service date elected. Absent a clear distribution election, the default form of distribution will be a lump sum payment made within thirty (30) days following the date of the Participant's Separation from Service. Effective for deferral elections made for Plan Years beginning on or after January 1, 2011, upon a Change in Control of the Company, payment of a Participant's entire Account will occur within thirty (30) days following the date of the Participant's Separation from Service. Notwithstanding any provision of the Plan to the contrary, no payment subject to Code Section 409A payable on account of a Separation from Service shall be made to a Participant who is a specified employee (within the meaning of Code Section 409A and the applicable guidance issued by the Department of the Treasury with respect to the application of Section 409A) as of the date of such Participant's Separation from Service, within the six-month period following such Participant's Separation from Service. Amounts to which such Participant would otherwise be entitled under the Plan during the first six months following the Separation from Service will be accumulated and paid on the first day of the seventh month following the Participant's Separation from Service.

A Participant may elect a distribution pursuant to this Section 5.1 in such other forms, or payable upon such other commencement dates, as are specified by the Administrator in the Enrollment Documents; provided, however, that no such election shall provide for payments to begin more than ten (10) years after such Participant's Separation from Service.

1.1 *Distributions upon a Participant's Death.* Notwithstanding anything to the contrary in the Plan, the remaining balance of the Account of a Participant who dies (i) shall be paid to the persons and entities designated by the Participant as his or her beneficiaries for such purpose and (ii) shall be paid in the manner set forth in this Section 5.2. Upon a Participant's death, such balance shall be paid as specified by the Participant in an election made pursuant to Section 5.3. Such election shall specify whether payment shall be made –

(a) in a lump-sum distribution within thirty (30) days following the Participant's death, which shall be the default form of distribution absent a clear election; or

(b) for deferral elections made for Plan Years beginning on or after January 1, 2011, in approximately equal annual installments (not to exceed ten (10) years) to begin within thirty (30) days following the Participant's death; or

(c) for deferral elections made for Plan Years beginning prior to January 1, 2011, in accordance with the terms of the Plan in place at the time of such election.

If the Participant fails to make a beneficiary election pursuant to Section 5.3, his or her spouse shall be deemed to be the beneficiary of his or her Account, provided that if the Participant does not have a spouse at the time of his or her death, the Participant's estate shall be deemed to be the beneficiary of his or her Account.

5.3 Election of Manner and Time of Distribution. At the time a Participant elects to defer Qualified Compensation under Article 3, he or she shall make distribution elections on the Enrollment Documents and deliver such forms to the Administrator. Such elections shall apply to the portion of the Participant's Account that is attributable to Qualified Compensation deferred under the applicable Enrollment Documents while such Enrollment Documents are in effect. A Participant may change such elections through one or more subsequent elections that in each case (i) do not take effect until at least twelve (12) months after the date on which such election is made, (ii) are delivered to the Administrator at least one (1) year before the date on which distributions are otherwise scheduled to commence pursuant to the Participant's election from the choices set forth in Section 5.1(b)(2) through 5.1(b)(5) hereof, and (iii) defer the commencement of distributions by at least five (5) years from the originally scheduled commencement date (except for distributions that commence because of the Participant's death, Disability, or Hardship). The right to a series of installment payments upon the distribution of an amount deferred pursuant to the Plan shall be treated as a right to a series of separate payments.

5.4 Applicable Taxes. All distributions under the Plan shall be subject to withholding for all amounts that the Company is required to withhold under federal, state or local tax law.

5.5 Nature and Sources of Benefit Payments.

(a) The Company shall make distributions of Accounts in cash, except to the extent a Participant has elected pursuant to Sections 3.1 and 4.2 above either (i) to defer compensation into Deferred Share Units (as defined in the Company's Amended and Restated Equity Compensation Plan (the "LTIP") that shall be issued pursuant to the LTIP, in which event that distribution shall occur in shares of the Company's common stock, or (ii) to defer Qualified Compensation that would otherwise be paid in shares of the Company's common stock.

(b) The Company may at any time create a Trust with a Trustee. If the Company creates a Trust, the Company shall cause the Trust to be funded as soon as practicable after the end of each calendar month. The Company shall contribute to the Trust liquid assets, net of any distributions paid pursuant to Article 6, (1) an amount of cash equal to the amount deferred and elected to be credited in cash by each Participant; and (2) an amount of shares of the Company's common stock equal to the amount deferred and elected to be credited in DSUs by each Participant. Notwithstanding the creation of a Trust, Participants shall at all times have the status of general unsecured creditors with respect to their rights under the Plan.

(c) Notwithstanding the foregoing, as soon as practicable following a Change in Control, the Company shall create a Trust with the Trustee. The Company shall contribute liquid assets to the Trust in an amount equal to the sum of (i) the aggregate Account balances of all Participants at the time the Change in Control occurred, and (ii) the reasonable costs expected to be necessary in order for the Trust proceeds to pay for the Trust's administration until its final termination.

(c) Although the principal of the Trust and any earnings thereon shall be held separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes of Participants and beneficiaries as set forth therein, neither the Participants nor their beneficiaries shall have any preferred claim on, or any beneficial ownership in, any assets of the Trust prior to the time such assets are paid to the Participants or beneficiaries as benefits and all rights created under this Plan shall be unsecured contractual rights of Participants and beneficiaries against the Company. Any assets held in the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of insolvency as defined in the Trust.

ARTICLE 6
Withdrawals From Accounts

6.1 *Hardship Distributions from Accounts.* In the event a Participant suffers a Hardship, the Participant may apply to the Administrator for an immediate distribution of all or a portion of the Participant's Account. The amount of any distribution hereunder shall be limited to the amount necessary to relieve the Participant's Hardship, plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which the Hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), or by cessation of the Participant's deferrals under the Plan. The Administrator will require evidence of the purpose and amount of the need and may establish such application forms or other procedures deemed appropriate.

Notwithstanding the foregoing, a financial need shall not constitute a Hardship unless it is for at least $175,000 for the Chairman of the Board or $100,000 for all other Participants (or the entire vested principal amount of the Participant's Accounts, if less).

6.2 *Payment of Withdrawals.* All withdrawals under this Article 6 shall be paid within thirty (30) days after a valid election to withdraw is delivered to the Administrator. The Administrator shall give prompt notice to the Participant if an election is invalid and is therefore rejected, identifying the reason(s) for the invalidity. If the Administrator has not paid but has not affirmatively rejected an election within the thirty (30) day deadline, then the election shall be deemed rejected on the thirtieth (30th) day. If a withdrawal election is rejected, the Participant may bring a claim for benefits under Section 7.11.

6.3 *Effect of Withdrawals.* If a Participant receives a withdrawal under this Article 6 after payments have commenced under Section 5.1, the remaining payments shall be recalculated, by reamortizing the remaining payments over the remaining term and applying the method used to credit earnings under Section 4.3.

6.4 *Applicable Taxes.* All withdrawals under the Plan shall be subject to withholding for all amounts which the Company is required to withhold under federal, state or local tax law.

ARTICLE 7
Administrative Provisions

7.1 *Administrator's Duties and Powers.* The Administrator shall conduct the general administration of the Plan in accordance with the Plan and shall have all the necessary power, authority and discretion to carry out that function. Among its necessary powers and duties are the following:

(a) To delegate all or part of its function as Administrator to others and to revoke any such delegation.

(b) To determine questions of eligibility of Participants and their entitlement to benefits, subject to the provisions of Section 7.11.

(c) To select and engage attorneys, accountants, actuaries, trustees, appraisers, brokers, consultants, administrators, physicians, or other persons to render service or advice with regard to any responsibility the Administrator or the Board has under the Plan, or otherwise, to designate such persons to carry out fiduciary responsibilities under the Plan, and (together with the Administrator, the Company, the Board and the officers and Employees of the Company) to rely upon the advice, opinions or valuations of any such persons, to the extent permitted by law, being fully protected in acting or relying thereon in good faith.

(d) To interpret the Plan and any relevant facts for purposes of the administration and application of the Plan in a manner not inconsistent with the Plan or applicable law including, but not limited to, Code Section 409A and the Regulations thereunder.

(e) To conduct claims procedures as provided in Section 7.11.

7.2 *Limitations Upon Powers.* The Plan shall be uniformly and consistently administered, interpreted and applied with regard to all Participants in similar circumstances. The Plan shall be administered, interpreted and applied fairly and equitably and in accordance with the specified purposes of the Plan. Notwithstanding the foregoing, the distribution forms and commencement dates specified in Section 5.1 shall apply to such Participants, and in such manner, as the Administrator determines in its sole discretion.

7.3 *Final Effect of Administrator Action.* Except as provided in Section 7.11, all actions taken and all determinations made by the Administrator shall, unless arbitrary and capricious, be final and binding upon all Participants, the Company, and any person interested in the Plan.

7.4 *Delegation by Administrator.*

(a) The Administrator may, but need not, appoint a Delegate which may be a single individual or a sub-committee or sub-committees consisting of two or more members, to hold office during the pleasure of the Administrator. The Delegate shall have such powers and duties as are delegated to it by the Administrator. The Delegate and/or sub-committee members shall not receive payment for their services as such.

(b) Appointment of the Delegate and/or sub-committee members shall be effective upon the filing of written acceptance of appointment with the Administrator.

(c) The Delegate and/or sub-committee member may resign at any time by delivering written notice to the Administrator.

(d) Vacancies in the Delegate and/or sub-committee shall be filled by the Administrator.

(e) If there is a sub-committee, the sub-committee shall act by a majority of its members in office; provided, however, that the sub-committee may appoint one of its members or a delegate to act on behalf of the sub-committee on matters arising in the ordinary course of administration of the Plan or on specific matters.

7.5 *Indemnification by the Company; Liability Insurance.* The Company shall pay or reimburse any of the Company's officers, directors, Administrator, sub-committee members, Delegates, or Employees who are fiduciaries with respect to the Plan for all expenses incurred by such persons with respect to, and shall indemnify and hold them harmless from, all claims, liability and costs (including reasonable attorneys' fees) arising out of the performance of their duties under the Plan, provided that such persons do not act negligently in the performance of such duties. The Company may obtain and provide for any such person, at the Company's expense, liability insurance against liabilities imposed on such person by law.

7.6 *Recordkeeping*

(a) The Administrator shall maintain suitable records of each Participant's Account which, among other things, shall show separately deferrals and the earnings and/or dividends credited thereon, as well as distributions and withdrawals therefrom and records of its deliberations and decisions.

(b) The Administrator shall appoint a secretary, and at its discretion, an assistant secretary, to keep the record of proceedings, to transmit its decisions, instructions, consents or directions to any interested party, to execute and file, on behalf of the Administrator, such documents, reports or other matters as may be necessary or appropriate in the discretion of the Administrator and to perform ministerial acts.

(c) The Administrator shall not be required to maintain any records or accounts which duplicate any records or accounts maintained by the Company.

7.7 *Statement to Participants.* By March 15 of each year, the Administrator shall furnish to each Participant a statement setting forth the value of the Participant's Account as of the preceding December 31 and such other information as the Administrator shall deem advisable to furnish.

7.8 *Inspection of Records.* Copies of the Plan and records of a Participant's Account shall be open to inspection by the Participant or the Participant's duly authorized representative at the office of the Administrator at any reasonable business hour.

7.9 *Identification of Fiduciaries.* The Administrator shall be the named fiduciary of the Plan and, as permitted or required by law, shall have exclusive authority and discretion to operate and administer the Plan.

7.10 *Procedure for Allocation of Fiduciary Responsibilities*. Fiduciary responsibilities under the Plan are allocated as follows:

(i) The sole duties, responsibilities and powers allocated to the Board, any Administrator and any fiduciary shall be those expressly provided in the relevant Sections of the Plan.

(ii) All fiduciary duties, responsibilities, and powers not allocated to the Board, any Administrator or any fiduciary, are hereby allocated to the Administrator, subject to delegation.

Fiduciary duties, responsibilities and powers under the Plan may be reallocated among fiduciaries by amending the Plan in the manner prescribed in Section 8.6, followed by the fiduciaries' acceptance of, or operation under, such amended Plan.

7.11 *Claims Procedures*

(a) Any Participant or beneficiary has the right to make a written claim for benefits under the Plan. If such a written claim is made, and the Administrator wholly or partially denies the claim, the Administrator shall provide the claimant with written notice of such denial, setting forth, in a manner calculated to be understood by the claimant:

(i) the specific reason or reasons for such denial;

(ii) specific reference to pertinent Plan provisions on which the denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) an explanation of the Plan's claims review procedure and time limits applicable to those procedures.

(b) The written notice of any claim denial pursuant to Section 7.11(a) shall be given not later than ninety (90) days after receipt of the claim by the Administrator, unless the Administrator determines that special circumstances require an extension of time for processing the claim, in which event:

(i) written notice of the extension shall be given by the Administrator to the claimant prior to ninety (90) days after receipt of the claim;

(ii) the extension shall not exceed a period of ninety (90) days from the end of the initial ninety (90) day period for giving notice of a claim denial; and

(iii) the extension notice shall indicate (A) the special circumstances requiring an extension of time and (B) the date by which the Administrator expects to render the benefit determination.

(c) The decision of the Administrator shall be final unless the claimant, within sixty (60) days after receipt of notice of the claims denial from the Administrator, submits a written request to the Board, or its delegate, for an appeal of the denial. During that sixty (60) day period, the claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits. The claimant shall be provided the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits as part of the claimant's appeal. The claimant may act in these matters individually, or through his or her authorized representative.

(d) After receiving the written appeal, if the Board, or its delegate, shall issue a written decision notifying the claimant of its decision on review, not later than sixty (60) days after receipt of the written appeal, unless the Board or its delegate determines that special circumstances require an extension of time for reviewing the appeal, in which event:

(i) written notice of the extension shall be given by the Board or its delegate prior to sixty (60) days after receipt of the written appeal;

(ii) the extension shall not exceed a period of sixty (60) days from the end of the initial sixty (60) day review period; and

(iii) the extension notice shall indicate (A) the special circumstances requiring an extension of time and (B) the date by which the Board or its delegate expects to render the appeal decision.

The period of time within which a benefit determination on review is required to be made shall begin at the time an appeal is received by the Board or its delegate, without regard to whether all the information necessary to make a benefit determination on review accompanies the filing of the appeal. If the period of time for reviewing the appeal is extended as permitted above, due to a claimant's failure to submit information necessary to decide the claim on appeal, then the period for making the benefit determination on review shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.

(e) In conducting the review on appeal, the Board or its delegate shall take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. If the Board or its delegate upholds the denial, the written notice of decision from the Board or its delegate shall set forth, in a manner calculated to be understood by the claimant:

(i) the specific reason or reasons for the denial;

(ii) specific reference to pertinent Plan provisions on which the denial is based; and

(iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits.

7.12 *Conflicting Claims.* If the Administrator is confronted with conflicting claims concerning a Participant's Account, the Administrator may interplead the claimants in an action at law, or in an arbitration conducted in accordance with the rules of the American Arbitration Association, as the Administrator shall elect in its sole discretion, and in either case, the attorneys' fees, expenses and costs reasonably incurred by the Administrator in such proceeding shall be paid from the Participant's Account.

7.13 *Service of Process.* The Corporate Secretary of NorthWestern Energy Group, Inc. is hereby designated as agent of the Plan for the service of legal process.

7.14 *Fees.* Any fees associated with ongoing plan administration shall be paid by the Company.

ARTICLE 8
Miscellaneous Provisions

8.1 *Termination of the Plan*

(a) While the Plan is intended as a permanent program, the Board shall have the right at any time to declare the Plan terminated completely as to the Company or as to any group, division or other operational unit thereof or as to any affiliate thereof.

(b) The Separation from Service of any Eligible Person without such a declaration shall not result in a termination of the Plan.

(c) In the event of any termination, the Board, in its sole and absolute discretion may elect:

(i) to maintain Participants' Accounts, payment of which shall be made in accordance with Articles 5 and 6; or

(ii) to the extent the Administrator determines that such action would not violate Section 409A of the Code, liquidate the portion of the Plan attributable to each Participant as to whom the Plan is terminated and distribute each such Participant's Account in a lump sum or pursuant to any method which is at least as rapid as the distribution method elected by the Participant under Section 5.1.

8.2 *Limitation on Rights of Participants.* The Plan is strictly a voluntary undertaking on the part of the Company and shall not constitute a contract between the Company and any Eligible Person. Inclusion under the Plan will not give any Eligible Person any right or claim to any benefit hereunder except to the extent such right has specifically become fixed under the terms of the Plan. The doctrine of substantial performance shall have no application to Eligible Persons, Participants or any other persons entitled to payments under the Plan.

8.3 *Consolidation or Merger; Adoption of Plan by Other Companies.*

(a) In the event of the consolidation or merger of the Company with or into any other entity, or the sale by the Company of substantially all of its assets, the resulting successor may continue the Plan by adopting it in a resolution of its Board of Directors. If within ninety (90) days from the effective date of such consolidation, merger or sale of assets, such successor corporation does not adopt the Plan, the Plan shall be terminated in accordance with Section 8.1.

(b) There shall be no merger or consolidation with, or transfer of the liabilities of the Plan to, any other plan unless each Participant in the Plan would have, if the combined or successor plans were terminated immediately after the merger, consolidation, or transfer, an account which is equal to or greater than his or her corresponding Account under the Plan had the Plan been terminated immediately before the merger, consolidation or transfer.

8.4 *Errors and Misstatements.* In the event of any misstatement or omission of fact by a Participant to the Administrator or any clerical error resulting in payment of benefits in an incorrect amount, the Administrator shall promptly cause the amount of future payments to be corrected upon discovery of the facts and shall cause the Company to pay the Participant or any other person entitled to payment under the Plan any underpayment in cash or Company stock (whichever shall be applicable to the situation) in a lump sum, or to recoup any overpayment from future payments to the Participant or any other person entitled to payment under the Plan in such amounts as the Administrator shall direct, or to proceed against the Participant or any other person entitled to payment under the Plan for recovery of any such overpayment.

8.5 *Payment on Behalf of Minor, Etc*. In the event any amount becomes payable under the Plan to a minor or a person who, in the sole judgment of the Administrator, is considered by reason of physical or mental condition to be unable to give a valid receipt therefor, the Administrator may direct that such payment be made to any person found by the Administrator in its sole judgment, to have assumed the care of such minor or other person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Company, the Board, the Administrator, the Administrator and their officers, directors and employees.

8.6 *Amendment of Plan.* The Plan may be wholly or partially amended by the Board from time to time, in its sole and absolute discretion, including prospective amendments which apply to amounts held in a Participant's Account as of the effective date of such amendment and including retroactive amendments necessary to conform the Plan to the provisions and requirements of the Code; provided, however, that no amendment shall decrease the amount of any Participant's Account as of the effective date of such amendment. Notwithstanding the foregoing, this Section 8.6 shall not be amended in any respect on or after a Change in Control and no amendment to this Plan shall reduce, limit or eliminate any rights of a Participant to withdrawals pursuant to Article 6 for deferrals for which elections under Section 3.1 occurred prior to the effective date of the amendment, without the Participant's prior written consent, except for amendments necessary to conform to the provisions and requirements of the Code.

8.7 *Governing Law.* All disputes relating to or arising from the Plan shall be governed by the terms of the Plan and to the extent applicable the internal substantive laws (and not the laws of conflicts of laws) of the State of Delaware, to the extent not preempted by United States federal law. If any provision of this Plan is held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions shall continue to be fully effective.

8.8 *Pronouns and Plurality.* The masculine pronoun shall include the feminine pronoun, and the singular the plural where the context so indicates.

8.9 *Titles.* Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

8.10 *References.* Unless the context clearly indicates to the contrary, a reference to a statute, regulation or document shall be construed as referring to any subsequently enacted, adopted or executed statute, regulation or document.

Exhibit A

NORTHWESTERN ENERGY GROUP INC.
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS

Deferral Election Form for ________ Plan Year

AGREEMENT, made this __ day of ________, ____, by and between me, as a participant in the NorthWestern Energy Group, Inc. Deferred Compensation Plan for Non-Employee Directors (the "Plan"), and NorthWestern Energy Group, Inc. (the "Company").

WHEREAS, the Company has established and maintains the Plan and the NorthWestern Energy Group, Inc. Amended and Restated Equity Compensation Plan (the "LTIP"), and I am eligible to participate in the Plan and the LTIP on the terms and conditions set forth therein; and

WHEREAS, I understand that terms herein that begin with initial capital letters will have the defined meaning set forth in the Plan (unless the context clearly indicates a different meaning).

NOW THEREFORE, it is mutually agreed as follows:

1. By the execution hereof, I agree to participate in the Plan upon the terms and conditions set forth therein, and, in accordance therewith, make the elections set forth herein effective –

___ on the January 1st that follows the Administrator's acceptance of my Enrollment Documents.

___ on the first day of the next calendar month, but only if this election occurs within the 30-day period after I first become eligible for Plan participation in this Plan or any other account balance plan of the Company. (NOTE: applicable only to elections made by newly elected directors).

2. For the duration of this election (as determined under paragraph 4 below), I hereby elect to defer the receipt of the following percentage(s) of Qualified Compensation that the Company will withhold and credit to my Deferral Account pursuant to the Plan:

____% of my annual cash retainer (up to 100%).

____% of my cash-based director fees (up to 100%).

____% of my director compensation (up to 100%) otherwise payable in shares of the Company's common stock.

3.

I hereby elect to have any cash-based Qualified Compensation that I defer pursuant to paragraph 2 above credited to my Account for future distribution, in accordance with Section 5.5 of the Plan, in the form of –

___% cash to be credited with earnings determined in accordance with Section 4.4 of the Plan as set forth on an Investment Election form.

___% shares of common stock of the Company, which shall be credited, prior to their distribution, in the form of deferred share units (“DSUs”) granted under the LTIP.

Note that any DSUs or stock-based Qualified Compensation will be settled in common stock of the Company issued pursuant to the LTIP or other arrangement identified by the Administrator.

4. By the execution hereof, I further recognize and agree to participate in the Plan upon the terms and conditions set forth therein, including but not limited to the following terms:

(a) This election is irrevocable with respect to any Qualified Compensation that is deferred during the term of this election.

(b) I may change this election with respect to future Qualified Compensation effective on the next following January 1st by filing a superseding election using Enrollment Documents accepted by the Administrator.

(c) Unless arbitrary and capricious, any decisions of the Administrator with respect to the operation, interpretation, or administration of the Plan or my Account will be final and binding on me and all other interested parties.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above-written.

PARTICIPANT

____

Exhibit B

NORTHWESTERN ENERGY GROUP, INC.
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS

Investment Election Form
(for Cash-based Deferrals Only)

WHEREAS, NorthWestern Energy Group, Inc. (the "Company") has established the NorthWestern Energy Group, Inc. Deferred Compensation Plan for Non-Employee Directors (the "Plan"), and I am eligible to make an investment election pursuant to Section 4.2(b) of the Plan.

NOW THEREFORE, I hereby elect as follows:

1. I direct that any amounts credited in cash to my Account under the Plan will appreciate or depreciate from the effective date hereof, as though they were invested as follows:

___% _________________________.

___% _________________________.

___% _________________________.

___% _________________________.

___% _________________________.

___% _________________________.

___% _________________________.

___% _________________________.

____
100%

2. The investment election I made in the prior paragraph shall be effective as soon as practicable following the effective date of this Investment Election Form and shall remain in effect until the effective date of a properly executed superseding Investment Election form.

IN WITNESS WHEREOF, I have executed this form on the ____ day of ____________, ____.

PARTICIPANT

____

NORTHWESTERN ENERGY GROUP, INC.
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS

Distribution Election Form

AGREEMENT, made this ___ day of ____________________, ____, by and between me, a participant in the NorthWestern Energy Group, Inc. Deferred Compensation Plan for Non-Employee Directors (the “Plan”), and NorthWestern Energy Group, Inc. (the "Company"). The parties agree that any term that begins herein with initial capital letters shall have the special meaning defined in the Plan, unless the context clearly requires otherwise.

NOW THEREFORE, it is mutually agreed as follows:

By the execution hereof, I agree to participate in the Plan, subject to the terms and conditions set forth therein, and, in accordance therewith, elect to have my Account distributed in the form and timing as follows:

1. Upon Separation of Service (Required)

Form of Payment.

in a lump sum payable at the time elected below.

in substantially equal annual payments over a period of ___ years (not to exceed 10 years) payable at the time elected below.

Timing of Payment.

within thirty (30) days following my Separation from Service with the Company.

On the _______ (2nd to 10th) anniversary of my Separation from Service with the Company.

2. In Service Withdrawal (Optional)

Form of Payment.

in a lump sum payable at the time elected below.

in substantially equal annual payments over a period of ___ years (not to exceed 10 years) payable at the time elected below.

Timing of Payment.

in ____________ (month), ________ (year).

3. Form of Payment to Beneficiary. In the event of my death, my Account shall be distributed --

in one lump sum payment within thirty (30) days following my death.

in substantially equal annual payments over a period of ___ years (not to exceed 10 years) beginning within thirty (30) days following my death.

4 . Designation of Beneficiary. In the event of my death before I have collected all of the benefits payable under the Plan, I hereby direct that any remaining benefits payable under the Plan be distributed to the beneficiary or beneficiaries designated under subparagraphs a and b of this paragraph 4 in the manner elected pursuant to paragraph 4 above:

a. Primary Beneficiary. I hereby designate the person(s) named below to be my primary beneficiary and to receive the balance of any unpaid benefits under the Plan.

Name of Primary Beneficiary	Social Security Number	Mailing Address	Percentage of Death Benefit
			%
			%

b. Contingent Beneficiary. In the event that the primary beneficiary or beneficiaries named above are not living at the time of my death, I hereby designate the following person(s) to be my contingent beneficiary for purposes of the Plan:

Name of Contingent Beneficiary	Social Security Number	Mailing Address	Percentage of Death Benefit
			%
			%

5. Effect of Election. The elections made in paragraphs 1 and 2 hereof shall apply –

to any deferred compensation that is deferred pursuant to the deferral election to which this Distribution Election Form relates.

to the entire value of my Account, provided that these elections may only be changed at least one year in advance of the earliest date on which payments would otherwise commence pursuant to paragraphs 1 or 2 hereof, and may only be changed pursuant to an election that conforms with the requirements set forth in Section 5.3 of the Plan.

With respect to the elections in paragraphs 4 and 5 hereof, I may, by submitting an effective superseding Distribution Election Form at any time and from time to time, prospectively change the beneficiary designation and the manner of payment to a Beneficiary. Such elections shall, however, become irrevocable upon my death.

6 . Mutual Commitments. The Company agrees to make payment of all amounts due to me in accordance with the terms of the Plan and the elections I make herein. I agree to be bound by the terms of the Plan, as in effect on the date hereof or properly amended hereafter.

7 . Tax Consequences to Participant. I acknowledge that I am solely responsible for the satisfaction of any taxes that may arise under the Plan (including any taxes arising under Sections 409A or 4999 of the Code). I understand that neither the Company nor the Administrator shall have any obligation whatsoever to pay such taxes or to prevent me from incurring them.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above-written.

PARTICIPANT

____

NorthWestern Energy Group, Inc.
Amended and Restated
Equity Compensation Plan

Effective March 10, 2005

Amended October 31, 2007

Amended and Restated February 23, 2011

Amended and Restated April 8, 2011

Amended and Restated (and Renamed) February 18, 2014

Amended and Restated
February 11, 2021

Amended and Restated (and Renamed)
October 2, 2023

NorthWestern Energy Group, Inc.
Amended and Restated
Equity Compensation Plan

1. Establishment, Purpose, and Types of Awards

This equity-based incentive compensation plan (hereinafter referred to as the " *Plan*") was originally established by NorthWestern Corporation as the "NorthWestern Corporation 2005 Long-Term Incentive Plan", and the Plan subsequently was renamed and amended and restated from time to time. Effective October 2, 2023 the Plan is renamed as the "NorthWestern Energy Group, Inc. Amended and Restated Equity Compensation Plan" and amended and restated as set forth herein to reflect the assumption of the Plan by NorthWestern Energy Group, Inc. (the "*Company*"). The Plan is maintained by the Company in order to provide incentives and awards to select Employees, Directors and Advisors of the Company and its Affiliates.

The Plan permits the granting of the following types of awards (" *Awards*") according to the Sections of the Plan listed here:

Section 6 Performance Units

Section 7 Restricted Shares, Restricted Share Units and Unrestricted Shares

Section 8 Deferred Share Units

Section 9 Options

Section 10 Share Appreciation Rights

The Plan is not intended to affect and shall not affect any stock options, equity-based compensation, or other benefits that the Company or its Affiliates may have provided, or may separately provide in the future pursuant to any agreement, plan, or program that is independent of this Plan.

2. Defined Terms

Terms in the Plan that begin with an initial capital letter have the defined meaning set forth in *Appendix A*, unless defined elsewhere in this Plan or the context of their use clearly indicates a different meaning.

3. Shares Subject to the Plan

(a) *Maximum Shares Available Under the Plan.* Subject to adjustment pursuant to Section 13 of the Plan, the number of Shares that the Company may issue or transfer for all Awards under this Plan is 3,337,637, which number includes the 2,637,637 shares previously authorized for issuance under the Plan.

(b) *Share Counting Rules*.

(i) Subject to the following provisions of this Section 3(b), Shares that are subject to an Award that for any reason expires, is forfeited, is canceled, or becomes unexercisable, Shares that are subject to an Award that is settled for cash, and Shares that are for any other reason not paid or delivered under the Plan shall again, except to the extent prohibited by Applicable Law, be available for subsequent Awards under the Plan.

(ii) Notwithstanding anything to the contrary contained in this Section 3: (A) any Shares that the Company retains from otherwise delivering pursuant to an Award either (I) as payment of the exercise price of an Award, or (II) in order to satisfy the withholding or employment taxes due upon the grant, exercise, vesting, or distribution of an Award shall be considered issued or transferred pursuant to the Plan and will not be available for subsequent Awards under the Plan, (B) the number of Shares subject to a SAR, to the extent that it is exercised and settled in Shares, and whether or not all such Shares are actually issued or transferred to the Participant upon exercise of the SAR, shall be considered issued or transferred pursuant to the Plan and will not be available for subsequent Awards under the Plan, and (C) in the event that the Company repurchases Shares with Option proceeds, those Shares will not be available for subsequent Awards under the Plan.

(c) *Limit on Incentive Stock Options*. Notwithstanding the foregoing, but subject to adjustment pursuant to Section 13 below, the aggregate number of Shares that may be issued or transferred by the Company upon the exercise of Incentive Share Options will not exceed 3,337,637 Shares.

(d) *Conversion Awards, Etc*. Shares issued under Awards granted in connection with the conversion or assumption of, or substitution for, awards held by awardees of or relating to the stock or other equity interests of an entity acquired by or merged or otherwise affiliated with the Company or an Affiliate of the Company pursuant to a merger, acquisition or similar transaction ("*Conversion Awards*") will not reduce the aggregate number of Shares available for issuance under this Plan nor count against the other limitations under this Section 3, nor will Shares subject to a Conversion Award again be available for awards granted under this Plan as provided in the second paragraph of this Section 3. Additionally, in the event that an entity acquired by the Company or any Affiliate or with which the Company or any Affiliate otherwise combines has shares available for grant under a pre-existing plan that was approved by stockholders of such entity and was not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used, as permitted under Applicable Law, for awards granted under such pre-existing plan or this Plan and will not reduce the number of Shares available for issuance or transfer under this Plan; provided, that Awards granted under such pre-existing plan or this Plan using such available Shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and may only be made to individuals who were not employees of the Company or any Affiliate or directors of the Company prior to such acquisition or combination.

(e) *Director Compensation Limit*. Notwithstanding any other provision of the Plan to the contrary, the aggregate grant date fair value (determined as of the applicable Grant Date(s) in accordance with applicable financial accounting rules) of all Awards granted to any non-employee Director during any single calendar year for services in his or her capacity as such, taken together with any cash fees paid or payable to such Director during such calendar year, shall not exceed $650,000 (and for purposes of clarity, such Awards and fees will be taken into account in the calendar year granted or earned, notwithstanding any election by a Director to defer payment of any compensation to a later year).

4. Administration

(a) *General.* The Committee shall administer the Plan in accordance with its terms, provided that the Board may act in lieu of the Committee on any matter. The Committee shall hold meetings at such times and places as it may determine and shall make such rules and regulations for the conduct of its business as it deems advisable. In the absence of a duly appointed Committee or, subject to the requirements of Section 16(b) of the Exchange Act, if the Board otherwise chooses to act in lieu of the Committee, the Board shall function as the Committee for all purposes of the Plan.

(b) *Committee Composition***.** The Committee shall initially consist of the Human Resources Committee of the Board of Directors. If and to the extent permitted by Applicable Law, the Committee may authorize one or more Reporting Persons (or other officers) to make Awards to Eligible Persons who are not Reporting Persons (or other officers whom the Committee has specifically authorized to make Awards). The Board may at any time appoint additional members to the Committee, remove and replace members of the Committee with or without Cause, and fill vacancies on the Committee however caused.

(c) *Powers of the Committee.* Subject to the provisions of the Plan, the Committee shall have the authority, in its sole discretion:

(i) to determine Eligible Persons to whom Awards shall be granted from time to time and the number of Shares, units, or SARs to be covered by each Award;

(ii) to determine, from time to time, the Fair Market Value of Shares;

(iii) to determine, and to set forth in Award Agreements, the terms and conditions of all Awards, including any applicable exercise or purchase price, the installments and conditions under which an Award shall become vested (which may be based on performance), terminated, expired, canceled, or replaced, and the circumstances for vesting acceleration or waiver of forfeiture restrictions, and other restrictions and limitations;

(iv) to approve the forms of Award Agreements and all other documents, notices and certificates in connection therewith which need not be identical either as to type of Award or among Participants;

(v) to construe and interpret the terms of the Plan and any Award Agreement, to determine the meaning of their terms, and to prescribe, amend, and rescind rules and procedures relating to the Plan and its administration;

(vi) in order to fulfill the purposes of the Plan and without amending the Plan, modify, cancel, or waive the Company's rights with respect to any Awards, to adjust or to modify Award Agreements for changes in Applicable Law, and to recognize differences in foreign law, tax policies, or customs (provided that, in accordance with the provisions of the Plan generally and Section 15(c) in particular, no repricing or other action described in Section 15(c) shall be permitted); and

(vii) to make all other interpretations and to take all other actions that the Committee may consider necessary or advisable to administer the Plan or to effectuate its purposes.

Subject to Applicable Law and the restrictions set forth in the Plan, the Committee may delegate administrative functions to individuals who are Reporting Persons, officers, or Employees of the Company or its Affiliates.

(d) *Deference to Committee Determinations.* The Committee shall have the discretion to interpret or construe ambiguous, unclear, or implied (but omitted) terms in any fashion it deems to be appropriate in its sole discretion, and to make any findings of fact needed in the administration of the Plan or Award Agreements. The Committee's prior exercise of its discretionary authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee's interpretation and construction of any provision of the Plan, or of any Award or Award Agreement, shall be final, binding, and conclusive. The validity of any such interpretation, construction, decision or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious.

(e) *No Liability; Indemnification.* Neither the Board nor any Committee member, nor any Person acting at the direction of the Board or the Committee, shall be liable for any act, omission, interpretation, construction or determination made in good faith with respect to the Plan, any Award or any Award Agreement. The Company and its Affiliates shall pay or reimburse any member of the Committee, as well as any Director, Employee, or Advisor who takes action in connection with the Plan, for all expenses incurred with respect to the Plan, and to the full extent allowable under Applicable Law shall indemnify each and every one of them for any claims, liabilities, and costs (including reasonable attorney's fees) arising out of their good faith performance of duties under the Plan. The Company and its Affiliates may obtain liability insurance for this purpose.

(f) *Installments.* The right to a series of installment payments upon the distribution of an amount deferred pursuant to the Plan shall be treated as a right to a series of separate payments.

(g) *Compliance with Code Section 409A*. The provisions of the Plan dealing with amounts subject to Code Section 409A shall be interpreted and administered in accordance with Section 409A and the applicable guidance issued by the Department of the Treasury with respect to the application of Section 409A. Although the Company intends to administer the Plan so that Awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any Award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local, or foreign tax law.

(h) Notwithstanding any provision of the Plan to the contrary, no payment subject to Code Section 409A, payable on account of a break in Continuous Service shall be made to a Participant who is a specified employee (within the meaning of Code Section 409A and the applicable guidance issued by the Department of the Treasury with respect to the application of Section 409A), as of the date of such Participant's break in Continuous Service, within the six-month period following such Participant's break in Continuous Service. Amounts to which such Participant would otherwise be entitled under the Plan during the first six months following the break in Continuous Service will be accumulated and paid on the first day of the seventh month following the Participant's break in Continuous Service.

(i) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Code Section 409A) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Code Section 409A, any deferred compensation (within the meaning of Code Section 409A) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Affiliates.

5. Eligibility

(a) *General Rule*. The Committee may grant all Awards other than ISOs to any Eligible Person. The Committee may grant ISOs only to Employees (including officers who are Employees) of the Company or an Affiliate that is a "parent corporation" or "subsidiary corporation" within the meaning of Section 424 of the Code. A Participant who has been granted an Award may be granted an additional Award or Awards if the Committee shall so determine, if such person is otherwise an Eligible Person and if otherwise in accordance with the terms of the Plan.

(b) *Grant of Awards*. Subject to the express provisions of the Plan, the Committee shall determine from the class of Eligible Persons those individuals to whom Awards under the Plan may be granted, the number of Shares subject to each Award, the price (if any) to be paid for the Shares or the Award and, in the case of Performance Units, in addition to the matters addressed in Section 10 below, the specific objectives, goals and performance criteria that further define the Performance Unit Award. Each Award shall be evidenced by an Award Agreement signed by the Company and, if required by the Committee, by the Participant. The Award Agreement shall set forth the material terms and conditions of the Award established by the Committee.

(c) *Limits on Awards*. No Participant may receive Options and SARs that relate to more than 200,000 Shares in any one year. The Committee will adjust these limitations pursuant to Section 13 below.

(d) *Replacement Awards*. Subject to Applicable Laws (including any associated shareholder approval requirements) and Section 15(c) of the Plan, the Committee may, in its sole discretion and upon such terms as it deems appropriate, require as a condition of the grant of an Award to a Participant that the Participant surrender for cancellation some or all of the Awards that have previously been granted to the Participant under this Plan or otherwise. An Award that is conditioned upon such surrender may or may not be the same type of Award, may cover the same (or a lesser or greater) number of Shares as such surrendered Award, may have other terms that are determined without regard to the terms or conditions of such surrendered Award, and may contain any other terms that the Committee deems appropriate. In the case of Options or SARs, these other terms may not involve an Exercise Price that is lower than the Exercise Price of the surrendered Option or SAR unless the Company's shareholders approve the grant itself or the program under which the grant is made pursuant to the Plan.

6. Performance Units

(a) *Performance Units*. Subject to the limitations set forth in paragraph (c) hereof, the Committee may in its discretion grant Performance Units to any Eligible Person and shall evidence such grant in an Award Agreement that is delivered to the Participant which sets forth the terms and conditions of the Award. A Performance Unit is an Award which is based on the achievement of specific goals with respect to the Company or any Affiliate or individual performance of the Participant, or a combination thereof, over a specified period of time. Notwithstanding anything in this Plan or an Award Agreement to the contrary, the Company shall not pay dividends or dividend equivalents currently on unvested Performance Units.

(b) *Limitations on Awards.* Subject to adjustment pursuant to Section 13 of the Plan, the maximum number of Shares that may be subject to Performance Unit Awards that any one Participant may receive for any one Performance Period shall not exceed 200,000 Shares.

(c) *Definitions*.

(i) "*Performance Measure*" means one or more criteria selected by the Committee to measure Company, Affiliate, business unit and/or individual performance for a Performance Period, whether in absolute or relative terms (including, without limitation, terms relative to a peer group or index or in a ratio or ratios or other relationship between one or more, or a combination thereof), which may include, but shall not be limited to, the following: basic, diluted, or adjusted earnings per share; sales or revenue; earnings before interest, taxes, and other adjustments (in total or on a per share basis); basic or adjusted net income; returns on equity, assets, capital, revenue or similar measure; economic value added; working capital; total shareholder return; and mergers, acquisitions, sales of assets of Affiliates or business units. Each such measure shall be, to the extent applicable, determined in accordance with generally accepted accounting principles as consistently applied by the Company (or such other standard applied by the Committee) and, if so determined by the Committee, adjusted to omit the effects of extraordinary items, gain or loss on the disposal of a business segment, unusual or infrequently occurring events and transactions and cumulative effects of changes in accounting principles. Performance Measures may vary from Performance Period to Performance Period and from Participant to Participant, and may be established on a stand-alone basis, in tandem or in the alternative.

(ii) "*Performance Period*" means one or more periods of time (of not less than one fiscal year of the Company), as the Committee may designate, over which the attainment of one or more Performance Measure(s) will be measured for the purpose of determining a Participant's rights in respect of an Award.

(d) *No Dividend Equivalents on Unvested Performance Units* . Performance Units may provide for the payment of dividend equivalents, either in cash or in Shares, as determined by the Committee in its sole discretion and set forth in the related Award Agreement; *provided, however,* that any dividend equivalents with respect to unvested Performance Units shall be accumulated or deemed reinvested in additional Performance Units until such Award is earned and vested, and shall be subject to the same terms and conditions as the original Award (including the achievement of applicable Performance Measures and the satisfaction of service-based vesting conditions).

(e) *Deferral Elections*. At any time prior to the date that is at least six months before the close of a Performance Period (or any shorter period within such window that the Committee selects) with respect to an Award of Performance Units, the Committee may permit a Participant who is a member of a select group of management or highly compensated employees (within the meaning of Title I of ERISA) to irrevocably elect, on a form provided by the Company, to defer the receipt of all or a percentage of the cash or Shares that would otherwise be transferred to the Participant upon the vesting of such Award, provided that the following criteria are met:

(i) the applicable Performance Unit Award constitutes "performance-based compensation" within the meaning of Section 409A of the Code and Treasury Regulation Section 1.409A-1(e).

(ii) the Participant performs services continuously from a date no later than the date upon which the performance criteria are established through a date no earlier than the date upon which the Participant makes an initial deferral election;

(iii) the performance criteria must be established in writing no later than ninety (90) days after the commencement of the Performance Period; and

(iv) in no event may an election to defer Performance Units or Performance Compensation be made after such compensation has become both substantially certain to be paid and readily ascertainable.

If the Participant makes this election, the cash or Shares subject to the election, and any associated interest and dividends, shall be credited to an account established pursuant to Section 8 hereof on the date such cash or Shares would otherwise have been released or issued to the Participant pursuant to Section 6(a) above and the applicable Award Agreement.

(f) *Certain Performance Compensation Awards*. With respect to any Award that was granted under the Plan on or prior to November 2, 2017 and that was designated by the Committee at the time of such grant as a "Performance Compensation Award", the provisions of the Plan as in effect on November 2, 2017 shall continue to apply to any such Performance Compensation Award, solely to the extent necessary to preserve the treatment of such Performance Compensation Award as "qualified performance-based compensation" under the provisions of Section 162(m) of the Code as in effect prior to the effective date of the Tax Cuts and Jobs Act of 2017.

7. Restricted Shares, Restricted Share Units and Unrestricted Shares

(a) *Grants.* The Committee may in its discretion grant Restricted Shares to any Eligible Person and shall evidence such grant in an Award Agreement that is delivered to the Participant and that sets forth the number of Restricted Shares, the purchase price for such Restricted Shares (if any) and the terms upon which the Restricted Shares may become vested. In addition, the Company may in its discretion grant Restricted Share Units to any Eligible Person and shall evidence such grant in an Award Agreement that is delivered to the Participant which sets forth the number of Shares (or formula, that may be based on future performance or conditions, for determining the number of Shares) that the Participant shall be entitled to receive upon vesting and the terms upon which the Shares subject to a Restricted Share Unit may become vested. The Committee may condition any Award of Restricted Shares or Restricted Share Units to a Participant on receiving from the Participant such further assurances and documents as the Committee may require to enforce the restrictions. In addition, the Committee may grant Awards of Unrestricted Shares or may provide for the issuance of Unrestricted Shares pursuant to any program under which one or more Eligible Persons (selected by the Committee in its discretion) may elect to receive Unrestricted Shares in lieu of cash bonuses or other cash compensation that would otherwise be paid.

(b) *Vesting and Forfeiture*. The Committee shall set forth in an Award Agreement granting Restricted Shares or Restricted Share Units, the terms and conditions under which the Participant's interest in the Restricted Shares or the Shares subject to Restricted Share Units will become vested and non-forfeitable. Except as set forth in the applicable Award Agreement or the Committee otherwise determines, upon termination of a Participant's Continuous Service for any other reason, the Participant shall forfeit his or her Restricted Shares and Restricted Share Units; provided that if a Participant purchases the Restricted Shares and forfeits them for any reason, the Company shall return the purchase price to the Participant only if and to the extent set forth in an Award Agreement.

(c) *Issuance of Restricted Shares Prior to Vesting*. Except as set forth in the applicable Award Agreement or the Committee otherwise determines, the Company shall issue, in electronic book-entry form, Restricted Shares to an account for the Participant who is awarded Restricted Shares which shall be maintained by the Company's transfer agent or such other administrator designated by the Committee for the deposit of such Restricted Shares. Such Restricted Stock shall bear a legend or notation referring to such restrictions. Except as set forth in the applicable Award Agreement or the Committee otherwise determines, the Company's transfer agent or such other administrator designated by the Committee shall hold such Restricted Shares and any dividends that accrue with respect to Restricted Shares pursuant to Section 7(e) below.

(d) *Issuance of Shares upon Vesting*. As soon as practicable after vesting of a Participant's Restricted Shares (or Shares underlying Restricted Share Units) and the Participant's satisfaction of applicable tax withholding requirements, the Company shall release to the Participant, free from the vesting restrictions, one Share for each vested Restricted Share (or issue one Share free of the vesting restriction for each vested Restricted Share Unit), unless an Award Agreement provides otherwise. No fractional shares shall be distributed, and cash shall be paid in lieu thereof.

(e) *Dividends and Dividend Equivalents Contingent Upon Vesting*. Whenever Shares are released to a Participant or duly-authorized transferee pursuant to Section 7(d) above as a result of the vesting of Restricted Shares or the Shares underlying vested Restricted Share Units are issued to a Participant pursuant to Section 7(d) above, such Participant or duly-authorized transferee also shall be entitled to receive (unless otherwise provided in the Award Agreement), with respect to each Share released or issued upon or following vesting of the Award, an amount equal to any cash dividends (plus, in the discretion of the Committee, simple interest at a rate as the Committee may determine) and a number of Shares equal to any stock dividends, which were declared and paid to the holders of Shares between the Grant Date and the date such Share is released from the vesting restrictions in the case of Restricted Shares or issued in the case of vested Restricted Share Units.

(f) *Section 83(b) Elections*. A Participant may make an election under Section 83(b) of the Code (the "*Section 83(b) Election*") with respect to Restricted Shares.

(g) *Deferral Elections*. The Committee may permit a Participant who is a member of a select group of management or highly compensated employees (within the meaning of Title I of ERISA) to irrevocably elect to defer all or a percentage of the Shares that would otherwise be transferred to the Participant upon the vesting of such Award in accordance with this Section 7(g). Except as otherwise provided in this Section 7(g), an Award of Restricted Shares or Restricted Share Units awarded with respect to services to be performed by a Participant during a calendar year may be deferred at the election of the Participant only if the election to defer such Award is made and becomes irrevocable consistent with the terms of either (i) the NorthWestern Energy Group, Inc. 2009 Officers Deferred Compensation Plan or (ii) the NorthWestern Energy Group, Inc. 2005 Deferred Compensation Plan for Non-Employee Directors, as applicable.

In the case of the first year in which an Eligible Person becomes eligible to participate in the Plan (as defined in section 1.409A-1(c) of the final Treasury Regulations or the corresponding provision in subsequent guidance issued by the Department of the Treasury to include any other plan that would be considered together with this Plan as the same plan), as permitted by the Committee, the Eligible Person may make an initial deferral election within thirty (30) days after the date the Eligible Person becomes eligible to participate in the Plan, with respect to an Award of Restricted Shares or Restricted Share Units awarded with respect to services to be performed by the Eligible Person subsequent to the election.

In the case of an Award of Restricted Shares or Restricted Share Units that is subject to a vesting condition requiring the Participant to continue to provide services for a period of at least 12 months from the date of the Award, as permitted by the Committee, the Participant may make a deferral election provided that the election is made consistent with the terms of either (i) the NorthWestern Energy Group, Inc. 2009 Officers Deferred Compensation Plan or (ii) the NorthWestern Energy Group, Inc. 2005 Deferred Compensation Plan for Non-Employee Directors, as applicable (disregarding vesting on death or disability).

Any election to defer Awards pursuant to this Section 7(g) shall be on a form provided by the Company. If a Participant makes an election to defer under this Section 7(g), the notional Shares subject to the election, and any associated dividend equivalents and interest, shall be credited to an account established pursuant to Section 8 hereof on the date such Shares would otherwise have been released or issued to the Participant pursuant to Section 7(d) above.

8. Deferred Share Units

(a) *Elections to Defer.* The Committee may permit any Eligible Person who is a Director, Advisor or member of a select group of management or highly compensated employees (within the meaning of Title I of ERISA) to irrevocably elect, on a form provided by the Company (the "*Election Form*"), to forego the receipt of cash or other compensation (including the Shares deliverable pursuant to any Award other than Restricted Shares for which a Section 83(b) Election has been made), and in lieu thereof to have the Company credit to an internal Plan account (the "*Account*") a number of deferred share units ("*Deferred Share Units*") having a Fair Market Value equal to the Shares and other compensation deferred. These credits will be made at the end of each calendar month during which compensation is deferred. Each Election Form shall take effect on the first day of the next calendar year (or on the first day of the next calendar month in the case of an initial election by a Participant who is first eligible to defer hereunder taking into account the rules of Treasury Regulation Section 1.409A.1(c) described in Section 7(g) above) after its delivery to the Company, subject to Section 7(g) regarding deferral of Restricted Shares and Restricted Share Units and to Section 6(e) regarding deferral of Performance Units, unless the Company sends the Participant a written notice explaining why the Election Form is invalid within five business days after the Company receives it. Notwithstanding the foregoing sentence: (i) Election Forms shall be ineffective with respect to any compensation that a Participant earns based on services performed before the date on which the Company receives the Election Form, and (ii) the Committee may unilaterally make awards in the form of Deferred Share Units, regardless of whether or not the Participant foregoes other compensation.

(b) *Vesting*. Unless an Award Agreement expressly provides otherwise, each Participant shall be 100% vested at all times in any Shares subject to Deferred Share Units.

(c) *Issuances of Shares*. The Company shall provide a Participant with one Share for each Deferred Share Unit in five substantially equal annual installments that shall begin within 90 days of the date on which the Participant's Continuous Service terminates and are distributable on each of the first four anniversaries thereof, *unless* –

(i) the Participant has properly elected a different form of distribution, on a form provided by the Company, that permits the Participant to select any combination of a lump sum and annual installments that are completed within ten years following termination of the Participant's Continuous Service, and

(ii) the Company received the Participant's distribution election form at the time the Participant elects to defer the receipt of cash or other compensation pursuant to Section 8(a), provided that such election may be changed through any subsequent election that (A) is delivered to the Administrator at least twelve months before the date on which distributions are otherwise scheduled to commence pursuant to the Participant's election and does not take effect for at least twelve months, (B) defers the commencement of distributions by at least five years from the originally scheduled commencement date and (c) does not extend any payment beyond the tenth anniversary of the termination of the Participant's Continuing Service.

Fractional shares shall not be issued, and instead shall be paid out in cash.

(d) *Crediting of Dividends*. Whenever Shares are issued to a Participant pursuant to Section 8(c) above, such Participant shall also be entitled to receive, with respect to each Share issued, a number of Shares the value of which is equal to the amount of any cash dividends (based on the Fair Market Value of a Share on the date of the payment of the dividend), and a number of Shares equal to any stock dividends which were declared and paid to the holders of Shares between the Grant Date and the date such Share is issued. Any fractional shares shall be settled in cash.

(e) *Hardship Distributions from Accounts.* In the event a Participant suffers a Hardship, the Participant may apply to the Committee for an immediate distribution of all or a portion of the Participant's Account. The amount of any distribution hereunder shall be limited to the amount necessary to relieve the Participant's Hardship, plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which the Hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), or by cessation of the Participant's deferrals under the Plan. The Committee shall determine whether a Participant has a qualifying Hardship and the amount which qualifies for distribution, if any. The Committee may require evidence of the purpose and amount of the need, and may establish such application or other procedures as it deems appropriate. Notwithstanding the foregoing, a financial need shall not constitute a Hardship unless it is for at least $100,000 for all Participants (or the entire vested principal amount of the Participant's Accounts, if less). "*Hardship*" means an unforeseeable emergency resulting in financial hardship of the Participant or beneficiary due to an illness or accident of the Participant or beneficiary, a spouse of the Participant or beneficiary or of a dependent (as defined in Code Section 152(a)) of a Participant or beneficiary; loss of the Participant's or the beneficiary's property due to casualty, or other similar or extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or beneficiary. Whether a Participant or beneficiary is faced with an unforeseeable emergency permitting a distribution under the Plan shall be determined based upon the relevant facts and circumstances of each case, but in any case, its distribution shall not be allowed to the extent that such hardship is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets to the extent liquidation of such assets would not cause a severe financial hardship or be cessation of deferrals under the Plan. The amount of a distribution on account of a hardship shall be limited to the amount reasonably necessary to satisfy the emergency need plus amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution.

(f) *Unsecured Rights to Deferred Compensation.* A Participant's right to Deferred Share Units shall at all times constitute an unsecured promise of the Company to pay benefits as they come due. The right of the Participant or the Participant's duly-authorized transferee to receive benefits hereunder shall be solely an unsecured claim against the general assets of the Company. Neither the Participant nor the Participant's duly-authorized transferee shall have any claim against or rights in any specific assets, shares, or other funds of the Company.

9. Option Awards

(a) *Types; Documentation*. The Committee may in its discretion grant ISOs to any Employee and Non-ISOs to any Eligible Person, and shall evidence any such grants in an Award Agreement that is delivered to the Participant. Each Option shall be designated in the Award Agreement as an ISO or a Non-ISO, and the same Award Agreement may grant both types of Options. At the sole discretion of the Committee, any Option may be exercisable, in whole or in part, immediately upon the grant thereof, or only after the occurrence of a specified event, or only in installments, which installments may vary. Options granted under the Plan (and any related Award Agreement) may contain such terms and provisions consistent with the Plan that the Committee shall deem advisable in its sole and absolute discretion; provided that the Company shall not pay dividends or dividend equivalents with respect to any Option.

(b) *ISO $100,000 Limitation.* To the extent that the aggregate Fair Market Value of Shares with respect to which Options designated as ISOs first become exercisable by a Participant in any calendar year (under this Plan and any other plan of the Company or any Affiliate) exceeds $100,000, such excess Options shall be treated as Non-ISOs. For purposes of determining whether the $100,000 limit is exceeded, the Fair Market Value of the Shares subject to an ISO shall be determined as of the Grant Date. In reducing the number of Options treated as ISOs to meet the $100,000 limit, the most recently granted Options shall be reduced first. In the event that Section 422 of the Code is amended to alter the limitation set forth therein, the limitation of this Section 9(b) shall be automatically adjusted accordingly.

(c) *Term of Options*. Each Award Agreement shall specify a term at the end of which the Option automatically expires, subject to earlier termination provisions contained in Section 9(h) hereof; provided, that, the term of any Option may not exceed ten years from the Grant Date. In the case of an ISO granted to an Employee who is a Ten Percent Holder on the Grant Date, the term of the ISO shall not exceed five years from the Grant Date.

(d) *Exercise Price.* The exercise price of an Option shall be determined by the Committee in its discretion and shall be set forth in the Award Agreement, provided that (i) if an ISO is granted to an Employee who on the Grant Date is a Ten Percent Holder, the per Share exercise price shall not be less than 110% of the Fair Market Value per Share on the Grant Date, and (ii) for all other Options, such per Share exercise price shall not be less than 100% of the Fair Market Value per Share on the Grant Date.

(e) *Exercise of Option*. The Committee shall in its sole discretion determine the times, circumstances, and conditions under which an Option shall be exercisable, and shall set them forth in the Award Agreement. The Committee shall have the discretion to determine whether and to what extent the vesting of Options shall be tolled during any unpaid leave of absence; provided, however, that in the absence of such determination, vesting of Options shall be tolled during any such leave approved by the Company.

(f) *Minimum Exercise Requirements*. An Option may not be exercised for a fraction of a Share. The Committee may require in an Award Agreement that an Option be exercised as to a minimum number of Shares, provided that such requirement shall not prevent a Participant from purchasing the full number of Shares as to which the Option is then exercisable.

(g) *Methods of Exercise.* Prior to its expiration pursuant to the terms of the applicable Award Agreement, and subject to the times, circumstances and conditions for exercise contained with the applicable Award Agreement, each Option may be exercised, in whole or in part (provided that the Company shall not be required to issue fractional shares), by delivery of written notice of exercise to the secretary of the Company accompanied by the full exercise price of the Shares being purchased. In the case of an ISO, the Committee shall determine the acceptable methods of payment on the Grant Date and it shall be included in the applicable Award Agreement. The methods of payment that the Committee may in its discretion accept or commit to accept in an Award Agreement include:

(i) cash or check payable to the Company (in U.S. dollars);

(ii) other Shares that (A) are owned by the Participant who is purchasing Shares pursuant to an Option, (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which the Option is being exercised, (C) are all, at the time of such surrender, free and clear of any and all claims, pledges, liens and encumbrances, or any restrictions which would in any manner restrict the transfer of such shares to or by the Company (other than such restrictions as may have existed prior to an issuance of such Shares by the Company to such Participant), and (D) are duly endorsed for transfer to the Company;

(iii) a cashless exercise program that the Committee may approve, from time to time in its discretion, pursuant to which a Participant may concurrently provide irrevocable instructions (A) to such Participant's broker or dealer to effect the immediate sale of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the exercise price of the Option plus all applicable taxes required to be withheld by the Company by reason of such exercise, and (B) to the Company to deliver the certificates for the purchased Shares directly to such broker or dealer in order to complete the sale; or

(iv) any combination of the foregoing methods of payment.

The Company shall not be required to deliver Shares pursuant to the exercise of an Option until payment of the full exercise price therefore is received by the Company.

(h) *Termination of Continuous Service*. The Committee may establish and set forth in the applicable Award Agreement the terms and conditions on which an Option shall remain exercisable, if at all, following termination of a Participant's Continuous Service. Subject to Section 15 hereof, the Committee may waive or modify these provisions at any time. To the extent that a Participant is not entitled to exercise an Option at the date of his or her termination of Continuous Service, or if the Participant (or other person entitled to exercise the Option) does not exercise the Option to the extent so entitled within the time specified in the Award Agreement or below in sub-paragraphs (i) through (v), as applicable, the Option shall terminate and the Shares underlying the unexercised portion of the Option shall revert to the Plan and become available for future Awards. In no event may any Option be exercised after the expiration of the Option term as set forth in the Award Agreement.

The following provisions shall apply to the extent an Award Agreement does not specify the terms and conditions upon which an Option shall terminate when there is a termination of a Participant's Continuous Service:

(i) *Termination other than Upon Disability, Death, Retirement or for Cause.* In the event of termination of a Participant's Continuous Service (other than as a result of Participant's death, disability, Retirement or termination for Cause), the Participant shall have the right to exercise an Option at any time within 90 days following such termination to the extent the Participant was entitled to exercise such Option at the date of such termination.

(ii) *Disability.* In the event of termination of a Participant's Continuous Service as a result of his or her being Disabled, the Participant shall have the right to exercise an Option at any time within one year following such termination to the extent the Participant was entitled to exercise such Option at the date of such termination.

(iii) *Retirement.* In the event of termination of a Participant's Continuous Service as a result of a Participant's Retirement, the Participant shall have the right to exercise the Option at any time within six months following such termination to the extent the Participant was entitled to exercise such Option at the date of such termination.

(iv) *Death.* In the event of the death of a Participant during the period of Continuous Service since the Grant Date of an Option, or within 30 days following termination of the Participant's Continuous Service, the Option may be exercised, at any time within one year following the date of the Participant's death, by the Participant's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent the right to exercise the Option had vested at the date of death or, if earlier, the date the Participant's Continuous Service terminated.

(v) *Cause.* If the Committee determines that a Participant's Continuous Service terminated due to Cause, the Participant shall immediately forfeit the right to exercise any Option, and it shall be considered immediately null and void.

(i) *Reverse Vesting.* The Committee in its sole and absolute discretion may allow a Participant to exercise unvested Options, in which case the Shares then issued shall be Restricted Shares having analogous vesting restrictions to the unvested Options.

(j) *Buyout Provisions*. Subject to Section 15(c) of the Plan, the Committee may at any time offer to buy out an Option, in exchange for a payment in cash or Shares, based on such terms and conditions as the Committee shall establish and communicate to the Participant at the time that such offer is made.

10. Share Appreciation Rights (SARs)

(a) *Grants*. The Committee may in its discretion grant Share Appreciation Rights to any Eligible Person, in any of the following forms:

(i) *SARs Related to Options*. The Committee may grant SARs either concurrently with the grant of an Option or with respect to an outstanding Option, in which case the SAR shall extend to all or a portion of the Shares covered by the related Option. Each SAR shall entitle the Participant who holds the related Option, upon exercise of the SAR and surrender of the related Option, or portion thereof, to the extent the SAR and related Option each were previously unexercised, to receive payment of an amount determined pursuant to Section 10(e) below. Any SAR granted in connection with an ISO will contain such terms as may be required to comply with the provisions of Section 422 of the Code and the regulations promulgated thereunder.

(ii) SARs Independent of Options. The Committee may grant SARs which are independent of any Option subject to such conditions as the Committee may in its discretion determine, which conditions will be set forth in the applicable Award Agreement.

(iii) Limited SARs. The Committee may grant SARs exercisable only upon or in respect of a Change in Control or any other specified event, and such limited SARs may relate to or operate in tandem or combination with or substitution for Options or other SARs, or on a stand-alone basis, and may be payable in cash or Shares based on the spread between the exercise price of the SAR, and (A) a price based upon or equal to the Fair Market Value of the Shares during a specified period, at a specified time within a specified period before, after or including the date of such event, or (B) a price related to consideration payable to the Company's shareholders generally in connection with the event.

(b) *Exercise Price*. The per Share exercise price of a SAR shall be determined in the sole discretion of the Committee, shall be set forth in the applicable Award Agreement, and shall be no less than 100% of the Fair Market Value of one Share. The exercise price of a SAR related to an Option shall be the same as the exercise price of the related Option. The exercise price of a SAR shall be subject to the special rules on pricing contained in Sections 9(d) and 9(j) hereof.

(c) *Exercise of SARs*. Unless the Award Agreement provides otherwise, a SAR related to an Option will be exercisable at such time or times, and to the extent, that the related Option will be exercisable; provided that the Award Agreement shall not, without the approval of the shareholders of the Company, provide for a vesting period for the exercise of the SAR that is more favorable to the Participant than the exercise period for the related Option. A SAR may not have a term exceeding 10 years from its Grant Date. A SAR granted independently of any other Award will be exercisable pursuant to the terms of the Award Agreement, but shall not, without the approval of the shareholders of the Company, provide for a vesting period for the exercise of the SAR that is more favorable to the Participant than the exercise period for the related Option. Whether a SAR is related to an Option or is granted independently, the SAR may only be exercised when the Fair Market Value of the Shares underlying the SAR exceeds the exercise price of the SAR.

(d) *Effect on Available Shares*. The number of Shares subject to a SAR, to the extent that the SAR is exercised and settled in Shares, and whether or not all such Shares are actually issued to the Participant upon exercise of the SAR, shall be charged against the maximum number of Shares that may be delivered pursuant to Awards under this Plan. The number of Shares subject to the SAR and the related Option of the Participant will also be reduced by the number of underlying Shares as to which the exercise relates.

(e) *Payment.* Upon exercise of a SAR related to an Option and the attendant surrender of an exercisable portion of any related Award, the Participant will be entitled to receive payment of an amount determined by multiplying –

(i) the excess of the Fair Market Value of a Share on the date of exercise of the SAR over the exercise price per Share of the SAR, by

(ii) the number of Shares with respect to which the SAR has been exercised.

Notwithstanding the foregoing, a SAR granted independently of an Option (i) may limit the amount payable to the Participant to a percentage, specified in the Award Agreement but not exceeding one-hundred percent (100%), of the amount determined pursuant to the preceding sentence, and (ii) shall be subject to any payment or other restrictions that the Committee may at any time impose in its discretion, including restrictions intended to conform the SARs with Section 409A of the Code.

(f) *Form and Terms of Payment*. Subject to Applicable Law, the Committee may, in its sole discretion, settle the amount determined under Section 10(e) above solely in cash, solely in Shares (valued at their Fair Market Value on the date of exercise of the SAR), or partly in cash and partly in Shares. In any event, cash shall be paid in lieu of fractional Shares. Absent a contrary determination by the Committee, all SARs shall be settled in cash as soon as practicable after exercise. Notwithstanding the foregoing, the Committee may, in an Award Agreement, determine the maximum amount of cash or Shares or combination thereof that may be delivered upon exercise of a SAR.

(g) *Termination of Employment or Consulting Relationship*. The Committee shall establish and set forth in the applicable Award Agreement the terms and conditions on which a SAR shall remain exercisable, if at all, following termination of a Participant's Continuous Service. The provisions of Section 9(h) above shall apply to the extent an Award Agreement does not specify the terms and conditions upon which a SAR shall terminate when there is a termination of a Participant's Continuous Service.

(h) *Buy-out*. Subject to Section 15(c) of the Plan, the Committee has the same discretion to buy-out SARs as it has to take such actions pursuant to Section 9(j) above with respect to Options.

(i) *No Dividends*. Notwithstanding anything to the contrary in this Plan, the Company shall not pay dividends or dividend equivalents with respect to any SAR.

11. Taxes

(a) *General.* As a condition to the issuance or distribution of Shares pursuant to the Plan, the Participant (or in the case of the Participant's death, the person who succeeds to the Participant's rights) shall make such arrangements as the Company may require for the satisfaction of any applicable federal, state, local or foreign withholding tax obligations that may arise in connection with the Award and the issuance of Shares. The Company shall not be required to issue any Shares until such obligations are satisfied. If the Committee allows the withholding of Shares to satisfy a Participant's tax withholding obligations, the Committee shall not allow the Company to withhold Shares in an amount that exceeds the maximum statutory tax withholding rates for the applicable taxing jurisdictions, including payroll taxes.

(b) *Default Rule for Employees.* Except as otherwise may be provided in an Award Agreement, an Employee shall be deemed to have directed the Company to withhold whole shares and collect from his or her cash compensation an amount sufficient to satisfy the fractional share amounts for such tax obligations from the next payroll payment otherwise payable after the date of the exercise of an Award.

(c) *Special Rules.* In the case of an Employee where the next payroll payment is not sufficient to satisfy such tax obligations, with respect to any remaining tax obligations, in the absence of any other arrangement and to the extent permitted under the Applicable Law, the Employee shall be deemed to have elected to have the Company withhold from the Shares or cash to be issued pursuant to an Award that number of Shares having a value equal to the amount of taxes required to be withheld, as determined by the Company.

(d) *Income Taxes and Deferred Compensation.* Participants are solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with Awards (including any taxes arising under Section 409A of the Code), and the Company shall not have any obligation to indemnify or otherwise hold any Participant harmless from any or all of such taxes. The Administrator shall have the discretion to organize any deferral program, to require deferral election forms, and to grant or to unilaterally modify any Award in a manner that (i) conforms with the requirements of Section 409A of the Code with respect to compensation that is deferred and that vests after December 31, 2004, (ii) voids any Participant election to the extent it would violate Section 409A of the Code, and (iii) causes the issuance of the Shares subject to the Award (provided that the Committee has determined that issuance of such Shares at the time of vesting is not a "permissible distribution event" within the meaning of Section 409A of the Code) to be automatically deferred until the earliest date on which issuance of the Shares in unrestricted form will constitute a permissible distribution event pursuant to paragraphs (i), (ii), (iii), (v), or (iv) of Section 409A(a)(2)(A) of the Code. The Administrator shall have the sole discretion to interpret the requirements of the Code, including Section 409A, for purposes of the Plan and all Awards.

12. Non-Transferability of Awards

(a) *General.* Except as set forth in this Section 12, or as otherwise approved by the Committee for a select group of management or highly compensated Employees, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of for value in any manner other than by will or by the laws of descent or distribution. The designation of a beneficiary by a Participant will not constitute a transfer. An Award may be exercised, during the lifetime of the holder of an Award, only by such holder, the duly-authorized legal representative of a Participant who is Disabled, or a transferee permitted by this Section 12.

(b) *Limited Transferability Rights.* Notwithstanding anything else in this Section 12, the Committee may in its discretion provide that an Award, other than an ISO, may be transferred, on such terms and conditions as the Committee deems appropriate, either (i) by instrument to the Participant's Immediate Family, (ii) by instrument to an inter vivos or testamentary trust (or other entity) in which the Award is to be passed to the Participant's designated beneficiaries, or (iii) by gift to charitable institutions. Any transferee of a Participant's rights shall succeed to and be subject to all of the terms of the Plan and the Award Agreement (and any amendments thereto) granting the transferred Award.

13. Adjustments Upon Changes in Capitalization, Merger or Certain Other Transactions

(a) *Adjustments.* The Committee will make or provide for such adjustments in the numbers of Shares covered by outstanding Awards, in the Exercise Price provided in outstanding Options and SARs, and in the kind of shares covered thereby, as the Committee, in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (i) any stock dividend, stock split, combination of shares, recapitalization, reclassification or other change in the capital structure of the Company, (ii) any merger, consolidation, spin-off, split- off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (iii) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee, in its discretion, may provide in substitution for any or all outstanding Awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced in a manner that complies with Code Section 409A. In addition, for each Option or SAR with an Exercise Price greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its sole discretion elect to cancel such Option or SAR without any payment to the person holding such Option or SAR. The Committee also will make or provide for such adjustments in the numbers of Shares specified in Section 3 or Section 6(c) of this Plan as the Committee in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this Section 13(a); provided, however, that any such adjustment to the number specified in Section 9(b) will be made only if and to the extent that such adjustment would not cause any Option intended to qualify as an ISO to fail to so qualify. In any case, such substitution of securities shall not require the consent of any person who is granted Options pursuant to the Plan. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be required to be made with respect to, the number or price of Shares subject to any Award.

(b) *Dissolution or Liquidation.* In the event of the dissolution or liquidation of the Company other than as part of a Change in Control, each Award will terminate immediately prior to the consummation of such action, subject to the ability of the Committee to exercise any discretion authorized in the case of a Change in Control.

(c) *Change in Control.* In the event of a Change in Control, the following shall occur:

(i) The Committee, in its sole discretion, exercised in good faith, may determine to accelerate the vesting of Awards so that Awards shall vest (and, to the extent applicable, become exercisable) as to the Shares that otherwise would have been unvested and provide that repurchase rights of the Company with respect to Shares issued upon exercise of a Grant shall lapse as to the Shares subject to such repurchase right; or

(ii) The Committee shall arrange or otherwise provide for the payment of cash or other consideration to Participants in exchange for the satisfaction and cancellation of outstanding Awards.

Notwithstanding the above, in the event a Participant holding a Grant assumed or substituted by the acquiring or continuing corporation (or a parent corporation thereof) (the "Successor Corporation") in a Change in Control is Involuntarily Terminated by the Successor Corporation in connection with, or within 12 months following consummation of, the Change in Control, then any assumed or substituted Grant held by the terminated Participant at the time of termination shall accelerate and become fully vested, and any repurchase right applicable to any Shares shall lapse in full. The acceleration of vesting and lapse of repurchase rights provided for in the previous sentence shall occur immediately prior to the effective date of the Participant's termination.

(d) *Certain Distributions.* In the event of any distribution to the Company's shareholders of securities of any other entity or other assets (other than dividends payable in cash or stock of the Company) without receipt of consideration by the Company, the Committee may, in its discretion, appropriately adjust the price per Share covered by each outstanding Award to reflect the effect of such distribution.

14. Time of Granting Awards.

The date of grant ("*Grant Date*") of an Award shall be the date on which the Committee makes the determination granting such Award or such later date as is determined by the Committee, provided that in the case of an ISO, the Grant Date shall be the later of the date on which the Committee makes the determination granting such ISO or the date of commencement of the Participant's employment relationship with the Company.

15. Modification of Awards and Substitution of Options.

(a) *Modification, Extension, and Renewal of Awards* . Within the limitations of the Plan, the Committee may modify an Award to accelerate the rate at which an Option or SAR may be exercised (including, without limitation, permitting an Option or SAR to be exercised in full without regard to the installment or vesting provisions of the applicable Award Agreement or whether the Option or SAR is at the time exercisable, to the extent it has not previously been exercised), to accelerate the vesting of any Award, to extend or renew outstanding Awards. Notwithstanding the foregoing provision, no modification of an outstanding Award shall materially and adversely affect such Participant's rights thereunder, unless either the Participant provides written consent or there is an express provision in the Plan or the Award Agreement permitting the Committee to act unilaterally to make the modification.

(b) *Substitution of Options.* Notwithstanding any inconsistent provisions or limits under the Plan, in the event the Company or an Affiliate acquires (whether by purchase, merger or otherwise) all or substantially all of outstanding capital stock or assets of another corporation or in the event of any reorganization or other transaction qualifying under Section 424 of the Code, the Committee may, in accordance with the provisions of that Section, substitute Options for options under the plan of the acquired company provided (i) the excess of the aggregate fair market value of the shares subject to an option immediately after the substitution over the aggregate option price of such shares is not more than the similar excess immediately before such substitution and (ii) the new option does not give persons additional benefits, including any extension of the exercise period.

(c) *No Repricing or Replacement Without Shareholder Approval* . Except in connection with a corporate transaction or event described in Section 13 of the Plan, the terms of outstanding Awards may not be amended to reduce the exercise price of outstanding Options or SARs, and outstanding Options or SARs may not be canceled, exchanged, bought-out, replaced or surrendered in exchange for cash, other Awards or Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs without shareholder approval. This Section 15(c) is intended to prohibit the repricing of "underwater" Options and SARs without shareholder approval and will not be construed to prohibit the adjustments provided for in Section 13 of the Plan. Notwithstanding any provision of the Plan to the contrary, this Section 15(c) may not be amended without approval by the Company's shareholders.

16. Term of Plan.

The Plan shall continue in effect through and including April 30, 2031, unless the Plan is sooner terminated under Section 17 below.

17. Amendment and Termination of the Plan.

(a) *Authority to Amend or Terminate.* Subject to Applicable Laws and the other provisions of the Plan, the Board may from time to time amend, alter, suspend, discontinue, or terminate the Plan.

(b) *Effect of Amendment or Termination.* No amendment, suspension, or termination of the Plan shall materially and adversely affect Awards already granted unless either it relates to an adjustment pursuant to Section 13 above, or it is otherwise mutually agreed between the Participant and the Committee, which agreement must be in writing and signed by the Participant and the Company. Notwithstanding the foregoing, the Committee may amend the Plan to eliminate provisions which are no longer necessary as a result of changes in tax or securities laws or regulations, or in the interpretation thereof.

18. Conditions Upon Issuance of Shares.

Notwithstanding any other provision of the Plan or any agreement entered into by the Company pursuant to the Plan, the Company shall not be obligated, and shall have no liability for failure, to issue or deliver any Shares under the Plan unless such issuance or delivery would comply with Applicable Law, with such compliance determined by the Company in consultation with its legal counsel.

19. Reservation of Shares.

The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

20. Controlling Law.

All disputes relating to or arising from the Plan shall be governed by the internal substantive laws (and not the laws of conflicts of laws) of the State of Delaware, to the extent not preempted by United States federal law. If any provision of this Plan is held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions shall continue to be fully effective.

21. Laws and Regulations.

(a) *U.S. Securities Laws.* This Plan, the grant of Awards, and the exercise of Options and SARs under this Plan, and the obligation of the Company to sell or deliver any of its securities (including, without limitation, Options, Restricted Shares, Restricted Share Units, Deferred Share Units, and Shares) under this Plan shall be subject to all Applicable Law. In the event that the Shares are not registered under the Securities Act of 1933, as amended (the "*Act*"), or any applicable state securities laws prior to the delivery of such Shares, the Company may require, as a condition to the issuance thereof, that the persons to whom Shares are to be issued represent and warrant in writing to the Company that such Shares are being acquired by him or her for investment for his or her own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such Shares within the meaning of the Act, and a legend to that effect may be placed on the certificates representing the Shares.

(b) *Other Jurisdictions.* The Company may adopt rules and procedures relating to the operation and administration of this Plan to accommodate the specific requirements of local laws.

22. No Shareholder Rights.

Neither a Participant nor any transferee of a Participant shall have any rights as a shareholder of the Company (such as voting or dividend rights) with respect to any Shares underlying any Award until the date of transfer of such Shares, by issuance of a share certificate or by book entry, to a Participant or a transferee of a Participant in accordance with the Company's governing instruments and Applicable Law.

23. No Employment Rights.

The Plan shall not confer upon any Participant any right to continue an employment, service or consulting relationship with the Company, nor shall it affect in any way a Participant's right or the

Company’s right to terminate the Participant’s employment, service, or consulting relationship at any time, with or without Cause.

24. Awards Subject to Compensation Recovery Policy.

Awards granted under the Plan shall be subject to forfeiture or repayment pursuant to the terms of any applicable compensation recovery policy maintained by the Company from time to time, including any such policy that may be adopted or amended to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act or any rules or regulations issued by the Securities and Exchange Commission or applicable securities exchange.

Appendix A: Definitions

As used in the Plan, the following definitions shall apply:

"Advisor" means any person, including an advisor, who is engaged by the Company or any Affiliate to render services and is compensated for such services and who is neither an Employee nor a Director.

"Affiliate" means, with respect to any Person (as defined below), any other Person that directly or indirectly controls or is controlled by or under common control with such Person. For the purposes of this definition, "control," when used with respect to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person or the power to elect directors, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Law" means the legal requirements relating to the administration of options and share-based plans under applicable U.S. federal and state laws, the Code, any applicable stock exchange or automated quotation system rules or regulations, and the applicable laws of any other country or jurisdiction where Awards are granted, as such laws, rules, regulations and requirements shall be in place from time to time.

"Award" means any award made pursuant to the Plan, including awards made in the form of a Performance Unit, a Restricted Share, a Restricted Share Unit, an Unrestricted Share, a Deferred Share Unit, an Option, and a SAR, or any combination thereof, whether alternative or cumulative, authorized by and granted under this Plan.

"Award Agreement" means any written document setting forth the terms of an Award that has been authorized by the Committee. The Committee shall determine the form or forms of documents to be used, and may change them from time to time for any reason. An Award Agreement may be in an electronic medium and may be limited to notation on the books and records of the Company.

"Board" means the Board of Directors of the Company.

"Cause" for termination of a Participant's Continuous Service will exist if the Participant is terminated from employment or other service with the Company or an Affiliate for any of the following reasons: (i) the Participant's willful failure to substantially perform his or her duties and responsibilities to the Company or deliberate violation of a material Company policy; (ii) the Participant's commission of any material act or acts of fraud, embezzlement, dishonesty, or other willful misconduct; (iii) the Participant's material unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or (iv) Participant's willful and material breach of any of his or her obligations under any written agreement or covenant with the Company.

The Committee shall in its discretion determine whether or not a Participant is being terminated for Cause. The Committee's determination shall, unless arbitrary and capricious, be final and binding on the Participant, the Company, and all other affected persons. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time, and the term "Company" will be interpreted herein to include any Affiliate or successor thereto, if appropriate.

"Change in Control" means the happening of any of the following events:

(i) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation or other Person controlled by the Company or (4) any acquisition by any corporation or other Person pursuant to a transaction which complies with clauses (1), (2) and (3) of subsection (iii) of this Section 9(b) provided, however, that it shall not be deemed a Change of Control if the Person acquires beneficial ownership of 35% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities solely as a result of an acquisition by the Company of shares of Common Stock, until such time thereafter as such Person shall become the beneficial owner (other than by means of a stock dividend or stock split) of any additional shares of Common Stock; or

(ii) A change in the composition of the Board such that the individuals who, as of January 1, 2021, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 9(b), that any individual who becomes a member of the Board subsequent to January 1, 2021, whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of those individuals then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

(iii) Consummation of a reorganization, merger, share exchange or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), excluding, however, such a Business Combination pursuant to which (1) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the outstanding shares of common stock or equity interests and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or other controlling persons as the case may be, of the corporation or other Person resulting from such Business Combination (including, without limitation, a corporation or other Person which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (2) no Person (other than the corporation or other Person resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation or other Person resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of, respectively, the outstanding shares of common stock or equity interests of the corporation or other Person resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed with respect to the Company prior to the Business Combination and (3) at least a majority of the members of the board of directors or other governing body of the corporation or other Person resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or the action of the Board, providing for such Business Combination; or

(iv) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Committee” means the Human Resources Committee of the Board of Directors or one or more committees or subcommittees of the Board appointed by the Board to administer the Plan in accordance with Section 4 above. Each individual member of the Committee shall be independent in accordance with any applicable standards and/or regulations adopted by the Nasdaq Stock Market (or, if not listed on such exchange, on any other national securities exchange on which the Shares are listed). With respect to any decision relating to a Reporting Person, the Committee shall consist of two or more Directors who are disinterested within the meaning of Rule 16b-3.

“Company” means NorthWestern Energy Group, Inc., a Delaware corporation; provided, however, that in the event the Company reincorporates to another jurisdiction, all references to the term “Company” shall refer to the Company in such new jurisdiction.

“Continuous Service” means the absence of any interruption or termination of service as an Employee, Director or Advisor. Continuous Service shall not be considered interrupted in the case of: (i) sick leave; (ii) military leave; (iii) any other leave of absence approved by the Committee, provided that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company policy adopted from time to time; (iv) changes in status from Director to advisory director or emeritus status; or (iv) in the case of transfers between locations of the Company or between the Company, its Affiliates, or their respective successors. In the event of Retirement, Continuous Service will end on an Employee’s last day worked, even though an Employee may receive approval to extend their actual termination date by using accrued paid leave. A change in status between service as an Employee, Director, and an Advisor may not, in and of itself, mandate a determination that an interruption of Continuous Service has occurred. For an Award that constitutes nonqualified deferred compensation subject to Section 409A of the Code, whether an interruption in Continuous Service has occurred which shall constitute an event triggering payment under the Plan shall be determined and administered in accordance with Section 409A and the applicable guidance issued by the Department of the Treasury with respect to the application of Section 409A.

"Deferred Share Units" mean Awards pursuant to Section 8 of the Plan.

"Director" means a member of the Board, or a member of the board of directors of an Affiliate.

"Disability" means, with respect to a Participant, the Participant is: (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company; or (iii) determined to be totally disabled by the Social Security Administration."

"Eligible Person" means any Advisor, Director or Employee and includes non-Employees to whom an offer of employment has been extended.

"Employee" means any person whom the Company or any Affiliate classifies as an employee (including an officer) for employment tax purposes. The payment by the Company of a director's fee to a Director shall not be sufficient to constitute "employment" of such Director by the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, as of any date (the "Determination Date") means: (i) the closing price of a Share on the Nasdaq Stock Market (or, if not listed on such exchange, on any other national securities exchange on which the Shares are listed), on the Determination Date, or, if shares were not traded on the Determination Date, then on the nearest preceding trading day during which a sale occurred; or (ii) if such stock is not readily tradable on an established securities market, the fair market value established in good faith by the Board using the reasonable application of a reasonable valuation method consistent with Code Section 409A and the regulations promulgated thereunder.

"Grant Date" has the meaning set forth in Section 14 of the Plan.

"Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.

"Incentive Share Option or ISO" hereinafter means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code, as designated in the applicable Award Agreement.

"Involuntary Termination" means termination of a Participant's Continuous Service under the following circumstances occurring on or after a Change in Control: (i) termination without Cause by the Company or an Affiliate or successor thereto, as appropriate; or (ii) subject to the following sentence, voluntary termination by the Participant within 60 days following (A) a material reduction in the Participant's job responsibilities, provided that neither a mere change in title alone nor reassignment to a substantially similar position shall constitute a material reduction in job responsibilities; (B) an involuntary relocation of the Participant's work site to a facility or location more than 50 miles from the Participant's principal work site at the time of the Change in Control; or (C) a material reduction in Participant's total compensation other than as part of an reduction by the same percentage amount in the compensation of all other similarly-situated Employees, Directors or Advisors. A termination described in clause (ii) of the preceding sentence shall be considered an Involuntary Termination only if (Y) the Participant provides the Company written notice of the existence of the circumstances described in clause (ii) of the preceding sentence within 10 days of the existence of such circumstances and (Z) the Company fails to cure the existence of such circumstances within 30 days of the Company's receipt of such notice.

"Non-ISO" means an Option not intended to qualify as an ISO, as designated in the applicable Award Agreement.

"Option" means any stock option granted pursuant to Section 9 of the Plan.

“Participant” means any holder of one or more Awards, or the Shares issuable or issued upon exercise of such Awards, under the Plan.

“Performance Unit” means Awards granted pursuant to Section 6(a) of the Plan which may be paid in cash, in Shares, or such combination of cash and Shares as the Committee in its sole discretion shall determine.

“Person” means any natural person, association, trust, business trust, cooperative, corporation, general partnership, joint venture, joint-stock company, limited partnership, limited liability company, real estate investment trust, regulatory body, governmental agency or instrumentality, unincorporated organization or organizational entity.

“Plan” means this NorthWestern Energy Group, Inc. Amended and Restated Equity Compensation Plan.

“Reporting Person” means an officer, Director, or greater than ten percent shareholder of the Company within the meaning of Rule 16a-2 under the Exchange Act, who is required to file reports pursuant to Rule 16a-3 under the Exchange Act.

“Restricted Shares” mean Shares transferred to an Eligible Person pursuant to Section 7 of the Plan that are subject to restrictions upon transfer and vesting conditions constituting a substantial risk of forfeiture.

“Restricted Share Units” mean Awards pursuant to Section 7 of the Plan representing an agreement by the Company to transfer shares to an Eligible Person in the future, after the satisfaction of vesting conditions set out in the Award Agreement.

“Retirement” means a termination of the Participant’s Continuous Service with the Company after the Participant has (a) attained age 50 and completed at least five years of Continuous Service or (b) attained age 65. “Retirement” shall exclude any termination of the Participant’s Continuous Service for Cause.

“Rule 16b-3” means Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.

“SAR” or “Share Appreciation Right” means Awards granted pursuant to Section 10 of the Plan.

“Share” means a share of common stock of the Company, as adjusted in accordance with Section 13 of the Plan.

“Ten Percent Holder” means a person who owns stock representing more than ten percent (10%) of the combined voting power of all classes of stock of the Company or any Affiliate.

“Unrestricted Shares” mean Shares awarded pursuant to Section 7 of the Plan of Shares that are fully vested and transferable as of the Date of Grant.

EXHIBIT 31.1

CERTIFICATION

I, Brian B. Bird, certify that:

1. I have reviewed this report on Form 10-Q of NorthWestern Energy Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 27, 2023

/s/ BRIAN B. BIRD

Brian B. Bird

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Crystal Lail, certify that:

1. I have reviewed this report on Form 10-Q of NorthWestern Energy Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 27, 2023

/s/ CRYSTAL LAIL

Crystal Lail

Vice President and Chief Financial Officer

EXHIBIT 31.3

CERTIFICATION

I, Brian B. Bird, certify that:

1. I have reviewed this report on Form 10-Q of NorthWestern Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 27, 2023

/s/ BRIAN B. BIRD

Brian B. Bird

President and Chief Executive Officer

EXHIBIT 31.4

CERTIFICATION

I, Crystal Lail, certify that:

1. I have reviewed this report on Form 10-Q of NorthWestern Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 27, 2023

/s/ CRYSTAL LAIL

Crystal Lail

Vice President and Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of NorthWestern Energy Group, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian B. Bird, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 27, 2023

/s/ BRIAN B. BIRD

Brian B. Bird

President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of NorthWestern Energy Group, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Crystal Lail, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 27, 2023	/s/ CRYSTAL LAIL
	Crystal Lail
	Vice President and Chief Financial Officer

EXHIBIT 32.3

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NorthWestern Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian B. Bird, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 27, 2023

/s/ BRIAN B. BIRD

Brian B. Bird

President and Chief Executive Officer

Exhibit 32.4

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of NorthWestern Corporation. (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Crystal Lail, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 27, 2023

/s/ CRYSTAL LAIL

Crystal Lail

Vice President and Chief Financial Officer