

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 **March 31, 2024**

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

**NorthWestern<sup>®</sup>**  
Energy

**NORTHWESTERN ENERGY GROUP, INC.**

(Exact name of registrant as specified in its charter)

Delaware

93-2020320

(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:

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

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. Yes  No

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). Yes  No

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.

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). 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, 61,286,398 shares outstanding at April 19, 2024**

**NORTHWESTERN ENERGY GROUP**

**FORM 10-Q**

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#### **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, and wildfire damages in excess of liability insurance coverage, 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 to "we," "us," "our," "NorthWestern Energy Group," "NorthWestern Energy," and "NorthWestern" refer specifically to NorthWestern Energy Group, Inc. and its subsidiaries.***

**PART 1. FINANCIAL INFORMATION**

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**ITEM 1. FINANCIAL STATEMENTS**

**NORTHWESTERN ENERGY GROUP**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

(in thousands, except per share amounts)

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Electric	\$ 343,186	\$ 295,308
Gas	132,156	159,234
<b>Total Revenues</b>	<b>475,342</b>	<b>454,542</b>
<b>Operating expenses</b>		
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	174,721	165,492
Operating and maintenance	54,182	55,861
Administrative and general	40,445	34,748
Property and other taxes	47,171	49,151
Depreciation and depletion	56,743	53,248
<b>Total Operating Expenses</b>	<b>373,262</b>	<b>358,500</b>
Operating income	102,080	96,042
Interest expense, net	( 30,979 )	( 28,008 )
Other income, net	4,319	4,737
<b>Income before income taxes</b>	<b>75,420</b>	<b>72,771</b>
Income tax expense	( 10,334 )	( 10,241 )
<b>Net Income</b>	<b>\$ 65,086</b>	<b>\$ 62,530</b>
Average Common Shares Outstanding	61,266	59,776
Basic Earnings per Average Common Share	\$ 1.06	\$ 1.05
Diluted Earnings per Average Common Share	\$ 1.06	\$ 1.05
Dividends Declared per Common Share	\$ 0.65	\$ 0.64

See Notes to Condensed Consolidated Financial Statements

**NORTHWESTERN ENERGY GROUP**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(Unaudited)**

**(in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Net Income</b>	\$ 65,086	\$ 62,530
Other comprehensive income, net of tax:		
Foreign currency translation adjustment	( 1 )	( 2 )
Postretirement medical liability adjustment	—	( 167 )
Reclassification of net losses on derivative instruments	113	113
Total Other Comprehensive Income (Loss)	112	( 56 )
<b>Comprehensive Income</b>	<b>\$ 65,198</b>	<b>\$ 62,474</b>

See Notes to Condensed Consolidated Financial Statements

**NORTHWESTERN ENERGY GROUP**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(in thousands, except share data)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 4,150	\$ 9,164
Restricted cash	16,232	16,023
Accounts receivable, net	186,927	212,257
Inventories	103,843	114,539
Regulatory assets	60,788	29,626
Prepaid expenses and other	24,896	25,397
<b>Total current assets</b>	<b>396,836</b>	<b>407,006</b>
Property, plant, and equipment, net	6,086,585	6,039,801
Goodwill	357,586	357,586
Regulatory assets	743,140	743,945
Other noncurrent assets	49,287	52,314
<b>Total Assets</b>	<b>\$ 7,633,434</b>	<b>\$ 7,600,652</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Current maturities of finance leases	\$ 3,400	\$ 3,338
Current portion of long-term debt	—	99,950
Accounts payable	96,544	124,340
Accrued expenses and other	298,302	246,167
Regulatory liabilities	46,438	61,103
<b>Total current liabilities</b>	<b>444,684</b>	<b>534,898</b>
Long-term finance leases	4,596	5,461
Long-term debt	2,767,107	2,684,635
Deferred income taxes	619,744	600,520
Noncurrent regulatory liabilities	651,831	657,452
Other noncurrent liabilities	332,454	332,372
<b>Total Liabilities</b>	<b>4,820,416</b>	<b>4,815,338</b>
Commitments and Contingencies (Note 10)		
<b>Shareholders' Equity:</b>		
Common stock, par value \$ 0.01 ; authorized 200,000,000 shares; issued and outstanding 64,797,508 and 61,282,747 shares, respectively; Preferred stock, par value \$ 0.01 ; authorized 50,000,000 shares; none issued	648	648
Treasury stock at cost	( 97,990 )	( 97,926 )
Paid-in capital	2,080,953	2,078,753
Retained earnings	836,951	811,495
Accumulated other comprehensive loss	( 7,544 )	( 7,656 )
<b>Total Shareholders' Equity</b>	<b>2,813,018</b>	<b>2,785,314</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 7,633,434</b>	<b>\$ 7,600,652</b>

See Notes to Condensed Consolidated Financial Statements

**NORTHWESTERN ENERGY GROUP**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 65,086	\$ 62,530
Items not affecting cash:		
Depreciation and depletion	56,743	53,248
Amortization of debt issuance costs, discount and deferred hedge gain	1,186	1,349
Stock-based compensation costs	2,051	3,308
Equity portion of allowance for funds used during construction	( 4,288 )	( 3,715 )
Gain on disposition of assets	( 1 )	( 18 )
Impairment of alternative energy storage investment	4,659	—
Deferred income taxes	9,035	( 10,420 )
Changes in current assets and liabilities:		
Accounts receivable	25,330	26,208
Inventories	10,695	14,814
Other current assets	501	4,714
Accounts payable	( 9,391 )	( 44,193 )
Accrued expenses and other	52,132	58,236
Regulatory assets	( 31,161 )	49,391
Regulatory liabilities	( 14,665 )	( 1,378 )
Other noncurrent assets and liabilities	( 6,235 )	( 375 )
<b>Cash Provided by Operating Activities</b>	<b>161,677</b>	<b>213,699</b>
<b>INVESTING ACTIVITIES:</b>		
Property, plant, and equipment additions	( 108,754 )	( 136,604 )
Investment in equity securities	( 242 )	—
<b>Cash Used in Investing Activities</b>	<b>( 108,996 )</b>	<b>( 136,604 )</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends on common stock	( 39,630 )	( 38,041 )
Issuance of long-term debt	215,000	220,000
Repayments on long-term debt	( 100,000 )	—
Line of credit repayments, net	( 132,000 )	( 253,000 )
Other financing activities, net	( 856 )	( 1,415 )
<b>Cash Used in Financing Activities</b>	<b>( 57,486 )</b>	<b>( 72,456 )</b>
<b>(Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash</b>	<b>( 4,805 )</b>	<b>4,639</b>
Cash, Cash Equivalents, and Restricted Cash, beginning of period	25,187	22,463
<b>Cash, Cash Equivalents, and Restricted Cash, end of period</b>	<b>\$ 20,382</b>	<b>\$ 27,102</b>
<b>Supplemental Cash Flow Information:</b>		
Cash (received) paid during the period for:		
Income taxes	\$ ( 4,810 )	\$ 3,204
Interest	18,128	18,196
Significant non-cash transactions:		
Capital expenditures included in accounts payable	21,129	12,209

See Notes to Condensed Consolidated Financial Statements

**NORTHWESTERN ENERGY GROUP**

**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

(Unaudited)

(in thousands, except per share data)

**Three Months Ended March 31,**

	<b>Number of Common Shares</b>	<b>Number of Treasury Shares</b>	<b>Common Stock</b>	<b>Treasury Stock</b>	<b>Paid in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Comprehensive Loss</b>	<b>Other</b>	<b>Total Shareholders' Equity</b>
<b>Balance at December 31, 2022</b>	<b>63,278</b>	<b>3,534</b>	<b>\$ 633</b>	<b>\$ (98,392)</b>	<b>\$ 1,999,376</b>	<b>\$ 771,414</b>	<b>\$ (7,848)</b>	<b>\$ 2,665,183</b>	
Net income	—	—	—	—	—	62,530	—	—	62,530
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(2)	—	(2)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	113	—	113
Postretirement medical liability adjustment, net of tax	—	—	—	—	—	—	(167)	—	(167)
Stock-based compensation	48	—	—	(79)	3,294	—	—	—	3,215
Issuance of shares	—	(1)	—	—	169	—	—	—	169
Dividends on common stock (\$ 0.640 per share)	—	—	—	—	—	(38,041)	—	—	(38,041)
<b>Balance at March 31, 2023</b>	<b>63,326</b>	<b>3,533</b>	<b>\$ 633</b>	<b>\$ (98,471)</b>	<b>\$ 2,002,839</b>	<b>\$ 795,903</b>	<b>\$ (7,904)</b>	<b>\$ 2,693,000</b>	
<b>Balance at December 31, 2023</b>	<b>64,762</b>	<b>3,513</b>	<b>\$ 648</b>	<b>\$ (97,926)</b>	<b>\$ 2,078,753</b>	<b>\$ 811,495</b>	<b>\$ (7,656)</b>	<b>\$ 2,785,314</b>	
Net income	—	—	—	—	—	65,086	—	—	65,086
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(1)	—	(1)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	113	—	113
Stock-based compensation	36	—	—	(272)	2,039	—	—	—	1,767
Issuance of shares	—	2	—	208	161	—	—	—	369
Dividends on common stock (\$ 0.650 per share)	—	—	—	—	—	(39,630)	—	—	(39,630)
<b>Balance at March 31, 2024</b>	<b>64,798</b>	<b>3,515</b>	<b>\$ 648</b>	<b>\$ (97,990)</b>	<b>\$ 2,080,953</b>	<b>\$ 836,951</b>	<b>\$ (7,544)</b>	<b>\$ 2,813,018</b>	

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 Energy Group's 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 775,300 customers in Montana, South Dakota, Nebraska and Yellowstone National Park, through its subsidiaries NorthWestern Corporation (NW Corp) and NorthWestern Energy Public Service Corporation (NWE Public Service). 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 March 31, 2024 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 Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#).

### Holding Company Reorganization

On January 1, 2024, we completed the second and final phase of our holding company reorganization. NW Corp contributed the assets and liabilities of its South Dakota and Nebraska regulated utilities to NWE Public Service, and then distributed its equity interest in NWE Public Service and certain other subsidiaries to NorthWestern Energy Group, resulting in NW Corp owning and operating the Montana regulated utility and NWE Public Service owning and operating the Nebraska and South Dakota utilities, each as a direct subsidiary of NorthWestern Energy Group.

### 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):

	March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 4,150	\$ 9,164	\$ 10,730	\$ 8,489
Restricted cash	16,232	16,023	16,372	13,974
<b>Total cash, cash equivalents, and restricted cash shown in the Condensed Consolidated Statements of Cash Flows</b>	<b>\$ 20,382</b>	<b>\$ 25,187</b>	<b>\$ 27,102</b>	<b>\$ 22,463</b>

### (2) Regulatory Matters

The circumstances set forth in Note 3 - Regulatory Matters to the financial statements included in the [NorthWestern Energy Group Annual Report on the Form 10-K for the year ended December 31, 2023](#) appropriately represent, in all material respects, the current status of our regulatory matters.

### (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 March 31,			
	2024		2023	
Income before income taxes	\$ 75,420		\$ 72,771	
Income tax calculated at federal statutory rate	15,838	21.0 %	15,282	21.0 %
<u>Permanent or flow-through adjustments:</u>				
State income tax, net of federal provisions	639	0.9	959	1.3
Flow-through repairs deductions	( 6,174 )	( 8.2 )	( 5,845 )	( 8.0 )
Production tax credits	( 2,983 )	( 4.0 )	( 3,199 )	( 4.4 )
Amortization of excess deferred income tax	( 360 )	( 0.5 )	( 799 )	( 1.1 )
Plant and depreciation flow-through items	3,079	4.1	688	0.9
Share-based compensation	334	0.4	388	0.5
Reduction to previously claimed alternative minimum tax credit	—	—	3,186	4.4
Other, net	( 39 )	0.0	( 419 )	( 0.5 )
	( 5,504 )	( 7.3 )	( 5,041 )	( 6.9 )
<b>Income tax expense</b>	\$ 10,334	13.7 %	\$ 10,241	14.1 %

## 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 \$ 27.7 million as of March 31, 2024, including approximately \$ 24.3 million that, if recognized, would impact our effective tax rate. In the next twelve months we expect the statute of limitations to expire for certain uncertain tax benefits, which would result in a decrease to our total unrecognized tax benefits of approximately \$ 16.9 million.

Our policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. As of March 31, 2024, we have accrued \$ 5.3 million for the payment of interest and penalties on the Condensed Consolidated Balance Sheets. As of December 31, 2023, we had accrued \$ 4.5 million for the payment of interest and penalties on the Condensed Consolidated Balance Sheets.

Tax years 2020 and forward remain subject to examination by the Internal Revenue Service and state taxing authorities.

#### **(4) Comprehensive (Loss) Income**

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

	Three Months Ended					
	March 31, 2024			March 31, 2023		
	Before-Tax Amount	Tax Expense	Net-of-Tax Amount	Before-Tax Amount	Tax Expense	Net-of-Tax Amount
Foreign currency translation adjustment	\$ (1)	\$ —	\$ (1)	\$ (2)	\$ —	\$ (2)
Reclassification of net income on derivative instruments	153	(40)	113	153	(40)	113
Defined benefit pension plan and postretirement medical liability adjustment	—	—	—	(212)	45	(167)
Other comprehensive income (loss)	\$ 152	\$ (40)	\$ 112	\$ (61)	\$ 5	\$ (56)

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

	March 31, 2024	December 31, 2023
Foreign currency translation	\$ 1,436	\$ 1,437
Derivative instruments designated as cash flow hedges	(9,260)	(9,373)
Defined benefit pension plan	280	280
Accumulated other comprehensive loss	\$ (7,544)	\$ (7,656)

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

Affected Line Item in the Condensed Consolidated Statements of Income	Three Months Ended				
	March 31, 2024				
	Interest Rate Derivative Instruments Designated as Cash Flow Hedges	Defined Benefit Pension Plan	Foreign Currency Translation	Total	
Beginning balance	\$ (9,373)	\$ 280	\$ 1,437	\$ (7,656)	
Other comprehensive loss before reclassifications	—	—	(1)	(1)	
Amounts reclassified from AOCL	Interest Expense	113	—	—	113
Amounts reclassified from AOCL	—	—	—	—	—
Net current-period other comprehensive income (loss)	113	—	(1)	112	
Ending balance	\$ (9,260)	\$ 280	\$ 1,436	\$ (7,544)	

**Three Months Ended**  
**March 31, 2023**

<b>Affected Line Item in the Condensed Consolidated Statements of Income</b>	<b>Interest Rate Derivative Instruments Designated as Cash Flow Hedges</b>	<b>Defined Benefit Pension Plan and Postretirement Medical Plans</b>	<b>Foreign Currency Translation</b>	<b>Total</b>
Beginning balance	\$ ( 9,825 )	\$ 542	\$ 1,435	\$ ( 7,848 )
Other comprehensive loss before reclassifications	—	—	( 2 )	( 2 )
Amounts reclassified from AOCL	Interest Expense	113	—	113
Amounts reclassified from AOCL	—	( 167 )	—	( 167 )
Net current-period other comprehensive income (loss)	113	( 167 )	( 2 )	( 56 )
Ending balance	<u>\$ ( 9,712 )</u>	<u>\$ 375</u>	<u>\$ 1,433</u>	<u>\$ ( 7,904 )</u>

## (5) Financing Activities

On March 28, 2024, NW Corp issued and sold \$ 175.0 million aggregate principal amount of Montana First Mortgage Bonds at a fixed interest rate of 5.56 percent maturing on March 28, 2031 . These bonds were issued in transactions exempt from the registration requirements of the Securities Act of 1933. Proceeds were used to redeem NW Corp's \$ 100.0 million of Montana First Mortgage Bonds due this year and for other general utility purposes. The bonds are secured by NW Corp's electric and natural gas assets associated with its Montana utility operations.

On March 28, 2024, NWE Public Service issued and sold \$ 33.0 million aggregate principal amount of South Dakota First Mortgage Bonds at a fixed interest rate of 5.55 percent maturing on March 28, 2029 and \$ 7.0 million aggregate principal amount of South Dakota First Mortgage Bonds at a fixed interest rate of 5.75 percent maturing on March 28, 2034 . These bonds were issued in transactions exempt from the registration requirements of the Securities Act of 1933. Proceeds were used for general utility purposes. The bonds are secured by NWE Public Service's electric and natural gas assets associated with its South Dakota and Nebraska utility operations.

On April 12, 2024, NorthWestern Energy Group entered into a \$ 100.0 million Term Loan Credit Agreement (Term Loan) with a maturity date of April 11, 2025 . Borrowings may be made at a variable interest rate equal to the Secured Overnight Financing Rate plus an applicable margin as provided in the Term Loan. These proceeds were used to repay a portion of our outstanding revolving credit facility borrowings and for general corporate purposes. The Term Loan provides for prepayment of the principal and interest; however, amounts prepaid may not be reborrowed. The Term Loan requires us to maintain a consolidated indebtedness to total capitalization ratio of 65 percent or less. It also contains covenants which, among other things, limit our ability to engage in any consolidation or merger or otherwise liquidate or dissolve, dispose of property, and restricts certain affiliate transactions. A default on the South Dakota or Montana First Mortgage Bonds would trigger a cross default on the Term Loan; however a default on the Term Loan would not trigger a default on the South Dakota or Montana First Mortgage Bonds.

## (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**

<b>March 31, 2024</b>	<b>Electric</b>	<b>Gas</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Operating revenues	\$ 343,186	\$ 132,156	\$ —	\$ —	\$ 475,342
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	115,341	59,380	—	—	174,721
Utility margin	227,845	72,776	—	—	300,621
Operating and maintenance	40,299	13,883	—	—	54,182
Administrative and general	27,919	10,046	2,480	—	40,445
Property and other taxes	36,300	10,869	2	—	47,171
Depreciation and depletion	47,304	9,439	—	—	56,743
Operating income (loss)	76,023	28,539	( 2,482 )	—	102,080
Interest expense, net	( 24,657 )	( 6,249 )	( 73 )	—	( 30,979 )
Other income (expense), net	5,461	1,054	( 2,196 )	—	4,319
Income tax (expense) benefit	( 7,283 )	( 3,173 )	122	—	( 10,334 )
Net income (loss)	\$ 49,544	\$ 20,171	\$ ( 4,629 )	\$ —	\$ 65,086
Total assets	\$ 6,107,575	\$ 1,511,593	\$ 14,266	\$ —	\$ 7,633,434
Capital expenditures	\$ 90,590	\$ 18,164	\$ —	\$ —	\$ 108,754

**Three Months Ended**

<b>March 31, 2023</b>	<b>Electric</b>	<b>Gas</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Operating revenues	\$ 295,308	\$ 159,234	\$ —	\$ —	\$ 454,542
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	78,134	87,358	—	—	165,492
Utility margin	217,174	71,876	—	—	289,050
Operating and maintenance	42,413	13,448	—	—	55,861
Administrative and general	24,968	9,766	14	—	34,748
Property and other taxes	38,251	10,898	2	—	49,151
Depreciation and depletion	43,898	9,350	—	—	53,248
Operating income	67,644	28,414	( 16 )	—	96,042
Interest expense, net	( 18,560 )	( 3,251 )	( 6,197 )	—	( 28,008 )
Other income (expense), net	3,366	1,415	( 44 )	—	4,737
Income tax (expense) benefit	( 6,628 )	234	( 3,847 )	—	( 10,241 )
Net income (loss)	\$ 45,822	\$ 26,812	\$ ( 10,104 )	\$ —	\$ 62,530
Total assets	\$ 5,874,061	\$ 1,399,717	\$ 7,216	\$ —	\$ 7,280,994
Capital expenditures	\$ 120,819	\$ 15,785	\$ —	\$ —	\$ 136,604

**(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 0-30 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 0-30 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					
	March 31, 2024			March 31, 2023		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Montana	\$ 117.4	\$ 48.6	\$ 166.0	\$ 125.5	\$ 66.9	\$ 192.4
South Dakota	19.3	13.6	32.9	19.8	19.9	39.7
Nebraska	—	10.5	10.5	—	20.5	20.5
<b>Residential</b>	<b>136.7</b>	<b>72.7</b>	<b>209.4</b>	<b>145.3</b>	<b>107.3</b>	<b>252.6</b>
Montana	101.5	25.1	126.6	112.6	36.3	148.9
South Dakota	27.8	9.3	37.1	25.1	14.3	39.4
Nebraska	—	6.2	6.2	—	13.2	13.2
<b>Commercial</b>	<b>129.3</b>	<b>40.6</b>	<b>169.9</b>	<b>137.7</b>	<b>63.8</b>	<b>201.5</b>
Industrial	11.7	0.4	12.1	11.8	0.7	12.5
Lighting, governmental, irrigation, and interdepartmental	4.7	0.6	5.3	5.3	0.8	6.1
<b>Total Customer Revenues</b>	<b>282.4</b>	<b>114.3</b>	<b>396.7</b>	<b>300.1</b>	<b>172.6</b>	<b>472.7</b>
Other tariff and contract based revenues	25.2	10.9	36.1	21.4	12.3	33.7
<b>Total Revenue from Contracts with Customers</b>	<b>307.6</b>	<b>125.2</b>	<b>432.8</b>	<b>321.5</b>	<b>184.9</b>	<b>506.4</b>
Regulatory amortization and other	35.6	6.9	42.5	( 26.2 )	( 25.7 )	( 51.9 )
<b>Total Revenues</b>	<b>\$ 343.2</b>	<b>\$ 132.1</b>	<b>\$ 475.3</b>	<b>\$ 295.3</b>	<b>\$ 159.2</b>	<b>\$ 454.5</b>

**(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. Average shares used in computing the basic and diluted earnings per share are as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Basic computation	61,265,967	59,776,195
Dilutive effect of:		
Performance share awards <sup>(1)</sup>	43,652	13,009
Diluted computation	61,309,619	59,789,204

(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.

As of March 31, 2024, there were 54,182 shares from performance and restricted share awards which were antidilutive and excluded from the earnings per share calculations, compared to 69,853 shares as of March 31, 2023.

#### (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 March 31,		Three Months Ended March 31,	
	2024	2023	2024	2023
Components of Net Periodic Benefit Cost (Credit)				
Service cost	\$ 1,418	\$ 1,494	\$ 80	\$ 87
Interest cost	5,733	6,565	147	176
Expected return on plan assets	( 6,328 )	( 6,686 )	( 319 )	( 275 )
Amortization of prior service credit	—	—	—	29
Recognized actuarial (gain) loss	11	140	( 12 )	31
Net periodic benefit cost (credit)	\$ 834	\$ 1,513	\$ ( 104 )	\$ 48

We did not contribute to our pension plans during the three months ended March 31, 2024. We expect to contribute \$ 11.2 million to our pension plans during the remainder of 2024.

#### (10) Commitments and Contingencies

##### ENVIRONMENTAL LIABILITIES AND REGULATION

Except as set forth below, the circumstances set forth in Note 18 - Commitments and Contingencies to the financial statements included in the [NorthWestern Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#) appropriately represent, in all material respects, the current status of our environmental liabilities and regulation.

##### Environmental Protection Agency (EPA) Rules

As previously reported, draft Greenhouse Gas (GHG) emission standards for existing coal-fired facilities and new coal and natural gas-fired facilities, including enhanced Mercury Air Toxics Standard (MATS) rules, were released by the EPA in the second quarter of 2023. Our review of these draft rules indicated they would require potentially expensive upgrades at Colstrip Units 3 and 4 to comply, with proposed compliance dates that may not be achievable and / or require technology that is unproven, resulting in significant impacts to costs of the facilities. On April 25, 2024, the EPA released final rules related to GHG emission standards (GHG Rules) for existing coal-fired facilities and new coal and natural gas-fired facilities as well as final rules strengthening the MATS requirements (MATS Rules). The final MATS and GHG Rules will require compliance as early as 2028 and 2032, respectively. We are evaluating how the final MATS and GHG Rules may impact our coal-fired generation facilities and operations.

Previous efforts by the EPA were met with extensive litigation and we anticipate a similar response to the new GHG Rules and MATS Rules. As the MATS Rules and GHG Rules 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 the MATS or GHG regulations that, in our view, disproportionately impact customers in our region.

These GHG Rules and MATS Rules as well as 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 Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#). 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 filed a motion to pursue an interlocutory appeal of the Order, and on January 2, 2024, the Federal District Court certified the Order for appeal to the 9th Circuit Court of Appeals. Briefing in the appeal is underway. Damages were bifurcated by agreement and will be tried separately for the Black Eagle segment, and any other segments found navigable should the State prevail on appeal.

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 Montana Public Service Commission (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 agreed to stay the Arbitration in an effort to work out a global resolution to the dispute, but that stay has now expired. The parties were not able to agree to continue the stay, and are presently in the process of identifying and retaining an arbitrator (or arbitrators) and are proceeding with the Arbitration.

### **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. We continue to evaluate a range of reasonably possible losses.

### **Yellowstone County Generating Station Air Permit**

On October 21, 2021, the Montana Environmental Information Center 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 appeal to the Montana Supreme Court. Oral argument is presently scheduled for May 15, 2024, and a determination of the appeal will follow. We recommenced construction in June 2023 and expect the plant to be operational by the end of the third quarter 2024. The ultimate resolution of the lawsuit challenging the Yellowstone County Generating Station air quality permit could impact our ability to operate the facility and increase costs.

During the litigation of the air permit, 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 draft 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 draft supplemental environmental assessment ended on July 3, 2023. On August 4, 2023, the Montana First Judicial District Court in Held v. State of Montana, a separate case by Montana youths alleging climate damages, issued its order finding House Bill 971 unconstitutional delaying the issuance of the revised Yellowstone County Generating Station's air permit. The Montana Supreme Court granted NorthWestern permission to participate as amicus in the Held appeal. The outcome of the Held case could pose additional delays and costs for the Yellowstone County Generating Station.

### **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 775,300 customers in Montana, South Dakota, Nebraska and Yellowstone National Park. Our operations in Montana and Yellowstone National Park are conducted through our subsidiary, NW Corp, and our operations in South Dakota and Nebraska are conducted through our subsidiary, NWE Public Service. For a discussion of NorthWestern's business strategy, see Management's Discussion and Analysis of Financial Condition and Results of Operations in the [NorthWestern Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#).

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, our efforts towards a carbon-free future are outlined 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 months ended March 31, 2024 and 2023.

## HOW WE PERFORMED AGAINST OUR FIRST QUARTER 2023 RESULTS

Three Months Ended March 31, 2024 vs. 2023					
	Income Before Income Taxes	Income Tax Expense <sup>(3)</sup>	Net Income		
	(in millions)				
<b>First Quarter, 2023</b>	<b>\$ 72.7</b>	<b>\$ (10.2)</b>	<b>\$ 62.5</b>		
<i>Variance in revenue and fuel, purchased supply, and direct transmission expense <sup>(1)</sup> items impacting net income:</i>					
New base rates	19.8	(5.0)	14.8		
Higher electric transmission revenue	3.5	(0.9)	2.6		
Montana property tax tracker collections	0.9	(0.2)	0.7		
Higher non-recoverable Montana electric supply costs due to higher electric supply costs	(3.5)	0.9	(2.6)		
Lower natural gas retail volumes	(3.5)	0.9	(2.6)		
Lower electric retail volumes	(3.2)	0.8	(2.4)		
Lower revenue from higher production tax credits, offset within income tax benefit	(0.5)	0.5	—		
Other	0.1	0.0	0.1		
<i>Variance in expense items<sup>(2)</sup> impacting net income:</i>					
Higher operating, maintenance, and administrative expenses	(4.3)	1.1	(3.2)		
Higher depreciation expense	(3.5)	0.9	(2.6)		
Higher interest expense	(3.0)	0.8	(2.2)		
Higher property and other taxes not recoverable within trackers	(0.4)	0.1	(0.3)		
Other	0.3	0.0	0.3		
<b>First Quarter, 2024</b>	<b>\$ 75.4</b>	<b>\$ (10.3)</b>	<b>\$ 65.1</b>		
<b>Change in Net Income</b>				<b>\$ 2.6</b>	

(1) Exclusive of depreciation and depletion shown separately below

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

(3) Income tax expense calculation on reconciling items assumes a blended federal plus state effective tax rate of 25.3 percent.

Consolidated net income for the three months ended March 31, 2024 was \$65.1 million as compared with \$62.5 million for the same period in 2023. This increase was primarily due to new base rates resulting from the Montana and South Dakota rate reviews, higher transmission revenues, and higher Montana property tax tracker collection, partly offset by lower electric and natural gas retail volumes, higher non-recoverable Montana electric supply costs, higher depreciation and depletion expense, higher operating, maintenance, and administrative expenses, and higher interest expense.

## SIGNIFICANT TRENDS AND REGULATION

Refer to the [NorthWestern Energy Group Annual Report on the Form 10-K for the year ended December 31, 2023](#) 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:

### Yellowstone County 175 MW plant

Construction of the new generation facility continues to progress and we expect the plant to be operational by the end of the third quarter 2024. The lawsuit challenging the Yellowstone County Generating Station (YCGS) air quality permit, which required us to suspend construction activities for a period of time, as well as additional related legal and construction challenges, delayed the project timing and have increased costs. As of March 31, 2024, total costs of approximately \$267.5 million have been incurred, with expected total costs of approximately \$310.0 million to \$320.0 million. See [Note 10 - Commitments and Contingencies](#) to the Condensed Consolidated Financial Statements included herein for additional information regarding legal challenges impacting YCGS.

### **Montana Rate Review**

We anticipate filing a Montana electric and natural gas rate review with the MPSC in the third quarter of 2024 based on a 2023 test year. Within this rate review filing we also anticipate a prudence review of the Yellowstone County Generating Station.

### **Power Costs and Credits Adjustment Mechanism (PCCAM)**

As of March 31, 2024, we have under-collected our total Montana electric supply costs for the July 2023 through June 2024 PCCAM year by approximately \$24.0 million. The significant increase to our under-collected costs during the three months ended March 31, 2024 was driven by a January cold weather event in our service territory. We also remained under-collected for the July 2022 through June 2023 PCCAM year by approximately \$8.5 million, which we expect to recover within rates by June 2024. We submit quarterly and annual PCCAM filings with the MPSC to recover, or refund, under- or over-collected Montana electric supply costs. PCCAM rates are being adjusted through the quarterly filings to provide a more timely recovery of deferred balances instead of annual recovery.

Under the PCCAM, net costs higher or lower than the PCCAM Base (excluding qualifying facility (QF) costs) are allocated 90 percent to Montana customers and 10 percent to shareholders. For the three months ended March 31, 2024, we under-collected supply costs of \$27.1 million resulting in an increase to our under collection of costs, and recorded a decrease in pre-tax earnings of \$3.0 million (10 percent of the PCCAM Base cost variance). For the three months ended March 31, 2023, we over-collected costs of \$4.3 million resulting in a decrease to the under collection of costs, and recorded an increase in pre-tax earnings of \$0.5 million.

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. 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.

### **EPA Rules**

Draft GHG emission standards for existing coal-fired facilities and new coal and natural gas-fired facilities, including enhanced MATS rules, were released by the EPA in the second quarter of 2023. Our review of these draft rules indicated they would require potentially expensive upgrades at Colstrip Units 3 and 4 to comply, with proposed compliance dates that may not be achievable and / or require technology that is unproven, resulting in significant impacts to costs of the facilities. On April 25, 2024, the EPA released final rules related to GHG emission standards for existing coal-fired facilities and new coal and natural gas-fired facilities as well as final rules strengthening the MATS requirements. The final MATS and GHG Rules will require compliance as early as 2028 and 2032, respectively. We are evaluating how the final MATS and GHG Rules may impact our coal-fired generation facilities and operations.

## 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 March 31, 2024 Compared with the Three Months Ended March 31, 2023**

Consolidated net income for the three months ended March 31, 2024 was \$65.1 million as compared with \$62.5 million for the same period in 2023. This increase was primarily due to new base rates resulting from the Montana and South Dakota rate reviews, higher transmission revenues, and higher Montana property tax tracker collection, partly offset by lower electric and natural gas retail volumes, higher non-recoverable Montana electric supply costs, higher depreciation and depletion expense, higher operating, maintenance, and administrative expenses, and higher interest expense.

Consolidated gross margin for the three months ended March 31, 2024 was \$142.5 million as compared with \$130.7 million in 2023, an increase of \$11.8 million, or 9.0 percent. This increase was primarily due to new base rates resulting from the Montana and South Dakota rate reviews, higher transmission revenues, and higher Montana property tax tracker collections, partly offset by lower electric and natural gas retail volumes, higher non-recoverable Montana electric supply costs, and higher depreciation and depletion expense.

	Electric		Natural Gas		Total	
	2024	2023	2024	2023	2024	2023
	(in millions)					
<b>Reconciliation of gross margin to utility margin:</b>						
Operating Revenues	\$ 343.2	\$ 295.3	\$ 132.1	\$ 159.2	\$ 475.3	\$ 454.5
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	115.3	78.1	59.4	87.4	174.7	165.5
Less: Operating and maintenance	40.3	42.4	13.9	13.5	54.2	55.9
Less: Property and other taxes	36.3	38.3	10.9	10.9	47.2	49.2
Less: Depreciation and depletion	47.3	43.9	9.4	9.3	56.7	53.2
<b>Gross Margin</b>	<b>104.0</b>	<b>92.6</b>	<b>38.5</b>	<b>38.1</b>	<b>142.5</b>	<b>130.7</b>
Operating and maintenance	40.3	42.4	13.9	13.5	54.2	55.9
Property and other taxes	36.3	38.3	10.9	10.9	47.2	49.2
Depreciation and depletion	47.3	43.9	9.4	9.3	56.7	53.2
<b>Utility Margin<sup>(1)</sup></b>	<b>\$ 227.9</b>	<b>\$ 217.2</b>	<b>\$ 72.7</b>	<b>\$ 71.8</b>	<b>\$ 300.6</b>	<b>\$ 289.0</b>

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

	Three Months Ended March 31,			
	2024	2023	Change	% Change
	(dollars in millions)			
<b>Utility Margin</b>				
Electric	\$ 227.9	\$ 217.2	\$ 10.7	4.9 %
Natural Gas	72.7	71.8	0.9	1.3
<b>Total Utility Margin<sup>(1)</sup></b>	<b>\$ 300.6</b>	<b>\$ 289.0</b>	<b>\$ 11.6</b>	<b>4.0 %</b>

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

Consolidated utility margin for the three months ended March 31, 2024 was \$300.6 million as compared with \$289.0 million for the same period in 2023, an increase of \$11.6 million, or 4.0 percent.

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

<b>Utility Margin 2024 vs. 2023</b>		
<b>Utility Margin Items Impacting Net Income</b>		
New base rates	\$	19.8
Higher transmission revenue due to market conditions		3.5
Montana property tax tracker collections		0.9
Higher Montana natural gas transportation		0.2
Higher non-recoverable Montana electric supply costs due to higher electric supply costs		(3.5)
Lower natural gas retail volumes		(3.5)
Lower electric retail volumes		(3.2)
Other		(0.1)
<b>Change in Utility Margin Items Impacting Net Income</b>		<b>14.1</b>
<b>Utility Margin Items Offset Within Net Income</b>		
Lower property and other taxes recovered in revenue, offset in property and other taxes		(2.4)
Lower revenue from higher production tax credits, offset in income tax expense		(0.5)
Higher operating expenses recovered in revenue, offset in operating and maintenance expense		0.4
<b>Change in Utility Margin Items Offset Within Net Income</b>		<b>(2.5)</b>
<b>Increase in Consolidated Utility Margin <sup>(1)</sup></b>	<b>\$</b>	<b>11.6</b>

(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. Lower natural gas retail volumes were driven by unfavorable weather in Montana and South Dakota impacting residential and commercial demand.

	<b>Three Months Ended March 31,</b>			
	<b>2024</b>	<b>2023</b>	<b>Change</b>	<b>% Change</b>
	(dollars in millions)			
<b>Operating Expenses (excluding fuel, purchased supply and direct transmission expense)</b>				
Operating and maintenance	\$ 54.2	\$ 55.9	\$ (1.7)	(3.0) %
Administrative and general	40.4	34.7	5.7	16.4
Property and other taxes	47.2	49.2	(2.0)	(4.1)
Depreciation and depletion	56.7	53.2	3.5	6.6
<b>Total Operating Expenses (excluding fuel, purchased supply and direct transmission expense)</b>	<b>\$ 198.5</b>	<b>\$ 193.0</b>	<b>\$ 5.5</b>	<b>2.8 %</b>

Consolidated operating expenses, excluding fuel, purchased supply and direct transmission expense, were \$198.5 million for the three months ended March 31, 2024, as compared with \$193.0 million for the three months ended March 31, 2023. Primary components of the change include the following (in millions):

	<b>Operating Expenses</b>
	<b>2024 vs. 2023</b>
<b>Operating Expenses (excluding fuel, purchased supply and direct transmission expense) Impacting Net Income</b>	
Higher depreciation expense due to plant additions and higher depreciation rates	\$ 3.5
Litigation outcome (Pacific Northwest Solar)	2.4
Non-cash impairment of alternative energy storage investment	2.2
Higher labor and benefits <sup>(1)</sup>	1.6
Higher insurance expense	0.5
Higher property and other taxes not recoverable within trackers	0.4
Lower expenses at our electric generation facilities	(2.6)
Other	0.2
<b>Change in Items Impacting Net Income</b>	<b>8.2</b>
<b>Operating Expenses Offset Within Net Income</b>	
Lower property and other taxes recovered in trackers, offset in revenue	(2.4)
Pension and other postretirement benefits, offset in other income <sup>(1)</sup>	(0.9)
Higher operating and maintenance expenses recovered in trackers, offset in revenue	0.4
Higher deferred compensation, offset in other income	0.2
<b>Change in Items Offset Within Net Income</b>	<b>(2.7)</b>
<b>Increase in Operating Expenses (excluding fuel, purchased supply and direct transmission expense)</b>	<b>\$ 5.5</b>

(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 March 31, 2024 was \$102.1 million as compared with \$96.0 million in the same period of 2023. This increase was primarily driven by new base rates resulting from the Montana and South Dakota rate reviews, higher transmission revenues, and higher Montana property tax tracker collections, partly offset by lower electric and natural gas retail volumes, higher non-recoverable Montana electric supply costs, higher depreciation and depletion expense, and higher operating, administrative and general expenses.

Consolidated interest expense was \$31.0 million for the three months ended March 31, 2024 as compared with \$28.0 million for the same period of 2023. This increase was due to higher interest on long term debt partly offset by lower interest on our revolving credit facilities and higher capitalization of Allowance for Funds Used During Construction (AFUDC).

Consolidated other income was \$4.3 million for the three months ended March 31, 2024 as compared with \$4.7 million for the same period of 2023. This decrease was primarily due to a \$2.5 million non-cash impairment of an alternative energy storage equity investment and an increase in the non-service component of pension expense, partly offset by a \$2.3 million reversal of a previously expensed Community Renewable Energy Project penalty due to a favorable legal ruling and higher capitalization of AFUDC.

Consolidated income tax expense was \$10.3 million for the three months ended March 31, 2024 as compared to \$10.2 million for the same period of 2023. Our effective tax rate for the three months ended March 31, 2024 was 13.7% as compared with 14.1% for the same period in 2023.

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

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Income Before Income Taxes	\$ 75.4	\$ 72.7
Income tax calculated at federal statutory rate	15.8	21.0 %
Permanent or flow-through adjustments:		
State income tax, net of federal provisions	0.6	0.9
Flow-through repairs deductions	(6.1)	(8.2)
Production tax credits	(3.0)	(4.0)
Amortization of excess deferred income tax	(0.4)	(0.5)
Plant and depreciation flow-through items	3.1	4.1
Share-based compensation	0.3	0.4
Reduction to previously claimed alternative minimum tax credit	—	3.2
Other, net	0.0	(0.6)
	(5.5)	(7.3)
<b>Income tax expense</b>	<b>\$ 10.3</b>	<b>13.7 %</b>
	<b>\$ 10.2</b>	<b>14.1 %</b>

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 March 31, 2024 Compared with the Three Months Ended March 31, 2023

	Revenues		Change		Megawatt Hours (MWH)		Avg. Customer Counts	
	2024	2023	\$	%	2024	2023	2024	2023
	(in thousands)							
Montana	\$ 117,363	\$ 125,462	\$ (8,099)	(6.5)%	847	871	326,317	320,739
South Dakota	19,310	19,771	(461)	(2.3)	173	195	51,451	51,276
<b>Residential</b>	<b>136,673</b>	<b>145,233</b>	<b>(8,560)</b>	<b>(5.9)</b>	<b>1,020</b>	<b>1,066</b>	<b>377,768</b>	<b>372,015</b>
Montana	101,503	112,613	(11,110)	(9.9)	824	851	75,676	74,262
South Dakota	27,773	25,128	2,645	10.5	287	279	13,011	12,942
<b>Commercial</b>	<b>129,276</b>	<b>137,741</b>	<b>(8,465)</b>	<b>(6.1)</b>	<b>1,111</b>	<b>1,130</b>	<b>88,687</b>	<b>87,204</b>
Industrial	11,669	11,841	(172)	(1.5)	725	626	79	78
Other	4,816	5,254	(438)	(8.3)	13	15	4,920	4,859
<b>Total Retail Electric</b>	<b>\$ 282,434</b>	<b>\$ 300,069</b>	<b>\$ (17,635)</b>	<b>(5.9)%</b>	<b>2,869</b>	<b>2,837</b>	<b>471,454</b>	<b>464,156</b>
Regulatory amortization	36,346	(25,297)	61,643	(243.7)				
Transmission	22,387	18,893	3,494	18.5				
Wholesale and Other	2,019	1,643	376	22.9				
<b>Total Revenues</b>	<b>\$ 343,186</b>	<b>\$ 295,308</b>	<b>\$ 47,878</b>	<b>16.2 %</b>				
<b>Fuel, purchased supply and direct transmission expense<sup>(1)</sup></b>	<b>115,341</b>	<b>78,134</b>	<b>37,207</b>	<b>47.6</b>				
<b>Utility Margin<sup>(2)</sup></b>	<b>\$ 227,845</b>	<b>\$ 217,174</b>	<b>\$ 10,671</b>	<b>4.9 %</b>				

(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			2024 as compared with:	
	2024	2023	Historic Average	2023	Historic Average
	Montana <sup>(1)</sup>	3,338	3,539	3,336	6% warmer
South Dakota	3,475	4,344	4,188	20% warmer	17% 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 March 31, 2024 and 2023 (in millions):

	<b>Utility Margin 2024 vs. 2023</b>
<b>Utility Margin Items Impacting Net Income</b>	
New base rates	\$ 14.9
Higher transmission revenue due to market conditions	3.5
Montana property tax tracker collections	2.0
Lower retail volumes	(3.2)
Higher non-recoverable Montana electric supply costs due to higher electric supply costs	(3.5)
Other	(0.3)
<b>Change in Utility Margin Items Impacting Net Income</b>	<b>13.4</b>
<b>Utility Margin Items Offset Within Net Income</b>	
Lower property and other taxes recovered in revenue, offset in property and other taxes	(2.5)
Lower revenue from higher production tax credits, offset in income tax expense	(0.5)
Higher operating expenses recovered in revenue, offset in operating and maintenance expense	0.3
<b>Change in Utility Margin Items Offset Within Net Income</b>	<b>(2.7)</b>
<b>Increase in Utility Margin <sup>(1)</sup></b>	<b>\$ 10.7</b>

(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 primarily due to timing differences between when we incur electric supply costs and property taxes 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 March 31, 2024 Compared with the Three Months Ended March 31, 2023

	Revenues		Change		Dekatherms (Dkt)		Avg. Customer Counts	
	2024	2023	\$	%	2024	2023	2024	2023
	(in thousands)							
Montana	\$ 48,590	\$ 66,882	\$ (18,292)	(27.3)%	6,257	6,517	185,216	183,500
South Dakota	13,605	19,935	(6,330)	(31.8)	1,437	1,752	42,602	42,150
Nebraska	10,517	20,513	(9,996)	(48.7)	1,231	1,407	38,050	37,965
<b>Residential</b>	<b>72,712</b>	<b>107,330</b>	<b>(34,618)</b>	<b>(32.3)</b>	<b>8,925</b>	<b>9,676</b>	<b>265,868</b>	<b>263,615</b>
Montana	25,083	36,339	(11,256)	(31.0)	3,397	3,687	26,083	25,666
South Dakota	9,267	14,286	(5,019)	(35.1)	1,314	1,502	7,371	7,252
Nebraska	6,218	13,163	(6,945)	(52.8)	861	999	5,082	5,076
<b>Commercial</b>	<b>40,568</b>	<b>63,788</b>	<b>(23,220)</b>	<b>(36.4)</b>	<b>5,572</b>	<b>6,188</b>	<b>38,536</b>	<b>37,994</b>
Industrial	419	729	(310)	(42.5)	60	75	236	231
Other	575	796	(221)	(27.8)	89	93	195	188
<b>Total Retail Gas</b>	<b>\$ 114,274</b>	<b>\$ 172,643</b>	<b>\$ (58,369)</b>	<b>(33.8)%</b>	<b>14,646</b>	<b>16,032</b>	<b>304,835</b>	<b>302,028</b>
Regulatory amortization	6,926	(25,401)	32,327	127.3				
Wholesale and other	10,956	11,992	(1,036)	(8.6)				
<b>Total Revenues</b>	<b>\$ 132,156</b>	<b>\$ 159,234</b>	<b>\$ (27,078)</b>	<b>(17.0)%</b>				
Fuel, purchased supply and direct transmission expense <sup>(1)</sup>								
	<b>59,380</b>	<b>87,358</b>	<b>(27,978)</b>	<b>(32.0)</b>				
<b>Utility Margin<sup>(2)</sup></b>	<b>\$ 72,776</b>	<b>\$ 71,876</b>	<b>\$ 900</b>	<b>1.3 %</b>				

(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			2024 as compared with:	
	2024		2023	Historic Average	2023
	Montana <sup>(1)</sup>	3,380	3,592	3,333	6% warmer
South Dakota	3,475	4,344	4,188	20% warmer	17% warmer
Nebraska	2,993	3,364	3,349	11% warmer	11% 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 March 31, 2024 and 2023:

<b>Utility Margin 2023 vs. 2022</b>		
	<b>(in millions)</b>	
<b>Utility Margin Items Impacting Net Income</b>		
New base rates	\$	4.9
Higher Montana natural gas transportation		0.2
Lower retail volumes		(3.5)
Montana property tax tracker collections		(1.1)
Other		0.2
<b>Change in Utility Margin Items Impacting Net Income</b>		<b>0.7</b>
<b>Utility Margin Items Offset Within Net Income</b>		
Higher property and other 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
<b>Change in Utility Margin Items Offset Within Net Income</b>		<b>0.2</b>
<b>Increase in Utility Margin <sup>(1)</sup></b>	<b>\$</b>	<b>0.9</b>

(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 all jurisdictions impacting residential and commercial demand, partly offset by 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 through its revolving credit facility and dividends from its utility operating subsidiaries, NW Corp and NWE Public Service. These subsidiaries are subject to certain restrictions that may limit the amount of their dividend distributions. See Note 16 - Common Stock in the [NorthWestern Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#) for further information regarding these dividend restrictions. As of March 31, 2024, 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 March 31, 2024, our total net liquidity was approximately \$418.2 million, including \$4.2 million of cash and \$414.0 million of revolving credit facility availability with no letters of credit outstanding.

### Cash Flows

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

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Net income	\$ 65.1	\$ 62.5
Non-cash adjustments to net income	69.4	43.8
Changes in working capital	33.4	107.8
Other noncurrent assets and liabilities	(6.2)	(0.4)
<b>Cash Provided by Operating Activities</b>	<b>161.7</b>	<b>213.7</b>
<b>Investing Activities</b>		
Property, plant and equipment additions	(108.8)	(136.6)
Investment in equity securities	(0.2)	—
<b>Cash Used in Investing Activities</b>	<b>(109.0)</b>	<b>(136.6)</b>
<b>Financing Activities</b>		
Issuance of long-term debt	215.0	220.0
Line of credit repayments, net	(132.0)	(253.0)
Repayments on long-term debt	(100.0)	—
Dividends on common stock	(39.6)	(38.0)
Other financing activities, net	(0.9)	(1.5)
<b>Cash Used in Financing Activities</b>	<b>(57.5)</b>	<b>(72.5)</b>
<b>(Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(4.8)</b>	<b>4.6</b>
Cash, Cash Equivalents, and Restricted Cash, beginning of period	25.2	22.5
<b>Cash, Cash Equivalents, and Restricted Cash, end of period</b>	<b>\$ 20.4</b>	<b>\$ 27.1</b>

### **Operating Activities**

As of March 31, 2024, cash, cash equivalents, and restricted cash were \$20.4 million as compared with \$25.2 million as of December 31, 2023 and \$27.1 million as of March 31, 2023. Cash provided by operating activities totaled \$161.7 million for the three months ended March 31, 2024 as compared with \$213.7 million during the three months ended March 31, 2023. As

shown in the table below, this decrease in operating cash flows is primarily due to an increase in our under collection of energy supply costs for the three months ended March 31, 2024, compared to a decrease in our under collection of energy supply costs for the same period in 2023. The increase in uncollected energy supply costs for the three months ended March 31, 2024, was due to a January 2024 cold weather event.

Uncollected energy supply costs (in millions)			
Beginning of period	End of period	Net cash inflows (outflows)	
2023 \$ 115.4	\$ 66.5	66.5	\$ 48.9
2024 \$ 7.8	\$ 40.4	40.4	\$ (32.6)
Decrease in net cash inflows \$			\$ (81.5)

#### ***Investing Activities***

Cash used in investing activities totaled \$109.0 million during the three months ended March 31, 2024, as compared with \$136.6 million during the three months ended March 31, 2023. Plant additions during the first three months of 2024 include maintenance additions of approximately \$49.2 million and capacity related capital expenditures of \$59.6 million. Plant additions during the first three months of 2023 included maintenance additions of approximately \$83.1 million and capacity related capital expenditures of approximately \$53.5 million.

#### ***Financing Activities***

Cash used in financing activities totaled \$57.5 million during the three months ended March 31, 2024, as compared with \$72.5 million during the three months ended March 31, 2023. During the three months ended March 31, 2024, cash used in financing activities reflects net repayments under our revolving lines of credit of \$132.0 million, repayment of 1.00 percent, \$100.0 million of Montana First Mortgage Bonds, and payment of dividends of \$39.6 million, partly offset by proceeds from the issuance of debt of \$215.0 million. During the three months ended March 31, 2023, cash used in financing activities reflects net repayments under our revolving lines of credit of \$253.0 million and payment of dividends of \$38.0 million, partly offset by proceeds from the issuance of debt of \$220.0 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 Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#) within the Management's Discussion and Analysis of Financial Condition and Results of Operations under the "Significant Infrastructure Investments and Initiatives" section. As of March 31, 2024, 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 operating cash flows and the use of our unsecured revolving credit facilities. We utilize availability under our 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.

For further information on our credit facilities, see Note 10 - Unsecured Credit Facilities in the [NorthWestern Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#).

As of March 31, 2024 and 2023 the outstanding balances of our credit facilities were \$186.0 million and \$197.0 million, respectively. As of April 19, 2024, the availability under our credit facilities was approximately \$529.0 million, and there were no letters of credit outstanding.

#### **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.

For further information on our recent long-term debt activity, see [Note 5 - Financing Activities](#) to the Condensed Consolidated Financial Statements included herein.

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. As of April 19, 2024, our current ratings with these agencies are as follows:

	<b>Issuer Rating</b>	<b>Senior Secured Rating</b>	<b>Senior Unsecured Rating</b>	<b>Outlook</b>
<b>NorthWestern Energy Group</b>				
Fitch <sup>(1)(2)</sup>	BBB	-	BBB	Stable
Moody's	-	-	-	-
S&P <sup>(2)</sup>	BBB	-	-	Stable
<b>NW Corp</b>				
Fitch <sup>(1)(2)</sup>	BBB	A-	BBB+	Stable
Moody's <sup>(2)</sup>	Baa2	A3	Baa2	Stable
S&P <sup>(2)</sup>	BBB	A-	-	Stable
<b>NWE Public Service</b>				
Fitch <sup>(1)(2)</sup>	BBB	A-	BBB+	Stable
Moody's <sup>(2)</sup>	Baa2	A3	-	Stable
S&P <sup>(2)</sup>	BBB	A-	-	Stable

(1) This Fitch Issuer Rating represents the Issuer Default Rating.

(2) As part of completing the holding company reorganization, NorthWestern Energy Group and NWE Public Service received their credit ratings from these agencies in December 2023. These agencies also affirmed their ratings for NW Corp.

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 March 31, 2024.

	Total	2024	2025	2026	2027	2028	Thereafter
(in thousands)							
Long-term debt <sup>(1)</sup>	\$ 2,780,660	\$ —	\$ 300,000	\$ 105,000	\$ —	\$ 365,660	\$ 2,010,000
Finance leases	7,996	2,535	3,596	1,865	—	—	—
Estimated pension and other postretirement obligations <sup>(2)</sup>	57,063	12,215	11,437	11,137	11,137	11,137	N/A
Qualifying facilities liability <sup>(3)</sup>	284,535	55,583	60,360	55,393	56,665	42,400	14,134
Supply and capacity contracts <sup>(4)</sup>	3,418,292	257,795	289,569	297,364	277,189	259,089	2,037,286
Contractual interest payments on debt <sup>(5)</sup>	1,608,248	92,784	117,702	111,612	109,952	107,096	1,069,102
Commitments for significant capital projects <sup>(6)</sup>	40,865	35,082	5,783	—	—	—	—
<b>Total Commitments<sup>(7)</sup></b>	<b>\$ 8,197,659</b>	<b>\$ 455,994</b>	<b>\$ 788,447</b>	<b>\$ 582,371</b>	<b>\$ 454,943</b>	<b>\$ 785,382</b>	<b>\$ 5,130,522</b>

(1) Represents cash payments for long-term debt and excludes \$13.5 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 \$67 to \$136 per MWH through 2029. Our estimated gross contractual obligation related to these QFs is approximately \$284.5 million. A portion of the costs incurred to purchase this energy is recoverable through rates authorized by the MPSC, totaling approximately \$251.3 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 6.82 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.

#### 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 and income taxes. These policies were disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations in the [NorthWestern Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#). As of March 31, 2024, 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 Energy Group Annual Report on Form 10-K for the year ended December 31, 2023](#).

#### 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 Energy Group Annual Report on the Form 10-K for the year ended December 31, 2023](#) 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. These risk factors have not changed materially since such disclosure.

### ITEM 5. OTHER INFORMATION

#### Rule 10b5-1 Plans

During the three months ended March 31, 2024, 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.

#### Severance and Equity Compensation Plans

On April 25, 2024, the Board of Directors of NorthWestern Energy Group approved updated severance benefits for the Company's officers through amendments to (a) the NorthWestern Corporation Key Employee Severance Plan (Severance Plan) and (b) the NorthWestern Energy Group, Inc. Equity Compensation Plan (Equity Plan).

With respect to each of the Company's named executive officers (NEO), the Severance Plan, as amended, provides for the payment of severance benefits in the event of an involuntary termination by the Company without cause or a voluntary termination of employment by the employee for good reason within 24 months after a change in control.

To receive severance benefits under the Severance Plan, the NEO must execute and deliver the Company's form of severance and release agreement upon involuntary termination without cause. Further, severance benefits provided by the Severance Plan are subject to forfeiture or recoupment to the extent provided under our Policy for Recovery of Erroneously Awarded Compensation.

As amended, the Severance Plan provides for the following severance benefits for each of the Company's participating officers (including the NEOs):

*Non-Change in Control Termination* - If no change in control of the Company has occurred within the prior 24 months, an NEO is entitled to the following severance benefits if the Company terminates the NEO's employment without "cause" (as defined in the Severance Plan):

- A severance payment equal to 2x (for the Chief Executive Officer) or 1.5x (for other NEOs) the officer's annual base pay;
- A prorated annual incentive payment for the current year based on actual plan performance through month prior to termination;
- Reimbursement of COBRA premiums for 24 months; and
- Outplacement services with a value of up to \$20,000 over a 12-month period.

*Change in Control Termination* - During the 24-month period following a change in control of the Company, an NEO is entitled to the following severance benefits if the Company terminates the NEO's employment without cause or if the NEO voluntarily terminates employment for "good reason" (as defined in the Severance Plan):

- A severance payment equal to 2.5x the sum of the NEO's annual base pay and target annual incentive bonus;

- A prorated annual incentive payment for the current year based on actual plan performance through month prior to termination;
- Reimbursement of COBRA premiums for 24 months; and
- Outplacement services with a value of up to \$20,000 over a 12-month period.

The Equity Plan was amended to address the treatment of future equity awards in the event of a change in control. As amended, if any such awards that are outstanding at the time of a change in control are not assumed or substituted by the successor corporation following the change in control, such awards will vest in full at target level immediately prior to the change in control. Alternatively, any such awards that are outstanding at the time of a change in control but that are assumed or substituted by the successor corporation, to the extent not previously vested or forfeited, will vest in full at the target level immediately prior to an "involuntary termination" (as defined in the Equity Plan) of the participant that occurs within 24 months after the change in control.

The summaries of the Severance Plan and Equity Plan provided in this 10-Q are qualified in their entirety by reference to the text of such plans, which are included as Exhibits 10.7 and 10.8 to this 10-Q and incorporated herein by reference.

ITEM 6.

EXHIBITS -

(a) Exhibits

[Exhibit 10.1 — Asset and Stock Transfer Agreement, dated December 27, 2023, among NW Corp, NorthWestern Energy Group, and NWE Public Service \(incorporated by reference to Exhibit 10.1 of NorthWestern Energy Group's Current Report on Form 8-K, dated January 2, 2024, Commission File No. 000-56598\).](#)

[Exhibit 10.2 — Twentieth Supplemental Indenture, dated as of January 1, 2024, between NWE Public Service and The Bank of New York Mellon, as trustee \(incorporated by reference to Exhibit 4.1 of NorthWestern Energy Group's Current Report on Form 8-K, dated January 2, 2024, Commission File No. 000-56598\).](#)

[Exhibit 10.3 — Forty-fifth Supplemental Indenture, dated as of March 1, 2024, between NW Corp and The Bank of New York Mellon and Dimple Gandhi, as trustees \(incorporated by reference to Exhibit 4.1 of NorthWestern Energy Group's Current Report on Form 8-K, dated March 28, 2024, Commission File No. 000-56598\).](#)

[Exhibit 10.4 — Twenty-first Supplemental Indenture, dated as of March 1, 2024, between NWE Public Service and The Bank of New York Mellon, as trustee \(incorporated by reference to Exhibit 4.2 of NorthWestern Energy Group's Current Report on Form 8-K, dated March 28, 2024, Commission File No. 000-56598\).](#)

[Exhibit 10.5 — Form of 2024 Performance Unit Award Agreement \(incorporated by reference to Exhibit 99.1 of NorthWestern Energy Group's Current Report on Form 8-K, dated February 20, 2024, Commission File No. 000-56598\).](#)

[Exhibit 10.6 — Form of 2024 Restricted Unit Award Agreement \(incorporated by reference to Exhibit 99.2 of NorthWestern Energy Group's Current Report on Form 8-K, dated February 20, 2024, Commission File No. 000-56598\).](#)

[Exhibit 10.7 — NorthWestern Corporation Amended and Restated Key Employee Severance Plan, as amended and restated effective April 25, 2024.](#)

[Exhibit 10.8 — NorthWestern Energy Group, Inc. Amended and Restated Equity Compensation Plan, as amended and restated effective April 25, 2024.](#)

[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 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 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: April 26, 2024

By: /s/ CRYSTAL LAIL

Crystal Lail

*Vice President and Chief Financial Officer*

*Duly Authorized Officer and Principal Financial Officer*

**NORTHWESTERN CORPORATION  
KEY EMPLOYEE SEVERANCE PLAN**

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**Effective October 19, 2016**

**Amended and Restated Effective as of April 25, 2024**

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**NORTHWESTERN CORPORATION  
KEY EMPLOYEE SEVERANCE PLAN**

**(Amended and Restated Effective as of April 25, 2024)**

NorthWestern Corporation, a Delaware corporation, originally adopted the NorthWestern Corporation Key Employee Severance Plan (the "Plan") effective as of October 19, 2016 ("Effective Date"), for the benefit of key employees of the Company. The severance provisions of this Plan are an "employee welfare benefit plan" as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and are not intended to be a "pension plan" as defined in Section 3(2)(A) of ERISA, and shall be administered so as not to be an ERISA pension plan. The Plan is amended and restated in its entirety as set forth herein, effective as of April 25, 2024 (the "Restatement Date").

**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** "Administrator" shall mean NorthWestern Corporation or certain officer or officers of the Company as designated by the Parent Board.
- 1.2** "Annual Incentive Bonus" shall mean, with respect to an Eligible Employee, the target incentive level (which assumes achievement of 100% of target for each performance measure) for the Eligible Employee under the Company's annual incentive plan in effect on the date of termination of employment.
- 1.3** "Cause" under the provisions of this Plan shall mean any of the following:
  - 1.3.1** Fraud, misappropriation of corporate property or funds, or embezzlement;
  - 1.3.2** Malfeasance in office, misfeasance in office which is willful or grossly negligent, or nonfeasance in office which is willful or grossly negligent;
  - 1.3.3** Failure to comply with the Company's Code of Conduct and Ethics;
  - 1.3.4** Illegal conduct, gross misconduct or dishonesty, in each case which is willful and results (or is reasonably likely to result) in substantial damage to the company; or
  - 1.3.5** Willful and continued failure by the employee to perform substantially his/her duties with the Company (other than any such failure resulting from his/her incapacity due to physical or mental illness) after receiving written demand for substantial performance from his/her

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immediate supervisor and after having been provided a reasonable period to correct the same. The written demand will specifically identify the manner in which such immediate supervisor believes the employee has not substantially performed his/her duties.

**1.4** "CEO" means chief executive officer.

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

- 1.5.1** An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (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 (a) the then outstanding shares of common stock of Parent (the "Outstanding Parent Common Stock") or (b) the combined voting power of the then outstanding voting securities of Parent entitled to vote generally in the election of directors (the "Outstanding Parent Voting Securities"); excluding, however, the following: (i) any acquisition directly from Parent, (ii) any acquisition by Parent, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Parent or any corporation or other Person controlled by Parent or (iv) any acquisition by any corporation or other Person pursuant to a transaction which complies with clauses (a), (b) and (c) of Section 1.4.3, provided, however, that it shall not be deemed a Change in Control if the Person acquires beneficial ownership of 35% or more of the Outstanding Parent Common Stock or Outstanding Parent Voting Securities solely as a result of an acquisition by Parent of shares of Parent 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 Parent common stock; or
- 1.5.2** A change in the composition of the Parent Board such that the individuals who, as of the Restatement Date, constitute the Parent Board (the "*Incumbent Parent Board*") cease for any reason to constitute at least a majority of the Parent Board; provided, however, for purposes of this Section 1.4.2, that any individual who becomes a member of the Parent Board subsequent to the Restatement Date, whose election, or nomination for election by Parent's shareholders, was approved by a vote of at least a majority of those individuals then comprising the Incumbent Parent Board shall be considered as though such individual were a member of the Incumbent Parent 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 Parent Board shall not be so considered as a member of the Incumbent Parent Board; or

**1.5.3** Consummation of a reorganization, merger, share exchange or consolidation or sale or other disposition of all or substantially all of the assets of Parent (a “*Business Combination*”), excluding, however, such a Business Combination pursuant to which (a) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Parent Common Stock and Outstanding Parent 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 Parent or all or substantially all of Parent’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 Parent Common Stock and Outstanding Parent Voting Securities, as the case may be, (b) no Person (other than the corporation or other Person resulting from such Business Combination or any employee benefit plan (or related trust) of Parent 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 Parent prior to the Business Combination and (c) 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 Parent Board at the time of the execution of the initial agreement, or the action of the Parent Board, providing for such Business Combination; or

**1.5.4** The approval by the shareholders of Parent of a complete liquidation or dissolution of Parent.

**1.6** “*CIC Protection Period*” shall mean the twenty-four (24) month period beginning on the date of a Change in Control.

**1.7** “*Code*” shall mean the Internal Revenue Code of 1986, as amended.

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

**1.9** “*Disability*” shall mean that an Eligible Employee is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) by reason of any medically determinable physical or mental impairment which 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 or health plan covering employees of the Eligible Employee’s employer.

**1.10** “*Eligible Employee*” shall mean an Eligible Executive or an Eligible Officer.

**1.11** “*Eligible Executive*” shall mean any individual who is an officer of the Company and/or Parent for the purpose of Section 16 of the Securities Exchange Act of 1934, and who is not otherwise ineligible to receive Severance Benefits based on a provision in an employment agreement with the Company or under Section 3.1 of this Plan.

**1.12** “*Eligible Officer*” shall mean any individual who has been appointed by the Parent Board or the Company’s Board of Directors as an “Officer” of the Company, but who is not an Eligible Executive, and who is not otherwise ineligible to receive Severance Benefits based on a provision in an employment agreement with the Company or under Section 3.1 of this Plan.

**1.13** “*ERISA*” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, together with regulations thereunder.

**1.14** “*Good Reason*” shall mean any of the following circumstances existing during the CIC Protection Period: (a) a material reduction in the Eligible Employee’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 Eligible Employee’s work site to a facility or location more than 50 miles from the Eligible Employee’s principal work site at the time of the Change in Control; or (c) a material reduction in the Eligible Employee’s total compensation other than as part of a reduction by the same percentage amount in the compensation of all other similarly-situated employees. An Eligible Employee’s voluntary termination of employment shall be considered to be for “Good Reason” only if (x) the Eligible Employee provides the Company written notice of the existence of the circumstances asserted to constitute Good Reason within 10 days of the existence of such circumstances, (y) the Company fails to cure the existence of such circumstances within 30 days of the Company’s receipt of such notice, and (z) the Eligible Employee terminates employment during the CIC Protection Period and within 60 days following the occurrence of such circumstances.

**1.15** “Parent” shall mean NorthWestern Energy Group, Inc., and any entity which is a successor in interest to Parent.

**1.16** “Parent Board” shall mean the Board of Directors of Parent. The Board may delegate its power or duty over this Plan to any other person or persons, including a committee or sub-committee of the Parent Board.

**1.17** “Plan” shall mean this NorthWestern Corporation Key Employee Severance Plan.

**1.18** “Qualifying Termination” shall mean (a) the termination of the employment of the Eligible Employee by the Company or a Successor Employer without Cause (whether such termination occurs during or outside of the CIC Protection Period), or (b) solely if such termination of employment occurs during the CIC Protection Period, the termination of the Eligible Employee’s employment by the Eligible Employee for Good Reason.

**1.19** “Retirement” shall mean the same definition provided under the Company sponsored pension /retirement plan in which each Eligible Employee participates.

**1.20** “Severance Benefits” shall mean those benefits provided to an Eligible Employee pursuant to the applicable provision of Section 2.2 of the Plan.

**1.21** “Successor Employer” shall mean an employer that either (a) acquires assets, stock or operations from the Company, either directly or indirectly, and continues the existing operation in whole or in part, or (b) continues any portion of an operation of the Company immediately following the termination of such operation by the Company.

## ARTICLE 2

### SEVERANCE PLAN PROVISIONS

#### 2.1 Eligibility for Severance Benefits

An Eligible Employee shall be eligible to receive Severance Benefits pursuant to the applicable provision of Section 2.2 if (i) the Eligible Employee has a Qualifying Termination, and (ii) the Eligible Employee timely executes and does not revoke the form of severance and release agreement provided to the Eligible Employee by the Company upon the Qualifying Termination.

#### 2.2 Severance Benefits

If an Eligible Employee is eligible to receive Severance Benefits pursuant to Section 2.1 of this Plan, the Company shall pay to such Eligible Employee the following Severance Benefits:

##### 2.2.1 Eligible Executive Severance Benefits. If such Eligible Employee is an Eligible Executive, then:

(a) *If the Qualifying Termination occurs during the CIC Protection Period* the Eligible Executive shall receive:

- (i) a lump sum cash severance payment in an amount equal to two and one-half (2.5) times the sum of the Eligible Executive's (A) annual base pay in effect on the date of the Qualifying Termination, and (B) Annual Incentive Bonus (in each case determined without regard to any reduction in annual base pay or Annual Incentive Bonus that constitutes Good Reason). The Company may pay such lump sum cash severance payment within the Company's next payroll cycle following the date of the Qualifying Termination, but must make the payment no later than 60 days from the date of the Qualifying Termination;
- (ii) a lump sum annual incentive payment in an amount equal to the Eligible Executive's cash payment under the Company's annual incentive plan in effect on the date of the Qualifying Termination (A) calculated in accordance with the terms of the annual incentive plan through the last month in the Company's fiscal year that was completed prior to the Eligible Executive's Qualifying Termination (and determined without regard to any reduction in the Eligible Executive's annual incentive plan opportunity that constitutes Good Reason), and (B) prorated by the number of months in the Company's fiscal year that have been completed, excluding the month in which the Eligible Executive's Qualifying Termination occurs. If the Company is unable to calculate any performance measure from such annual incentive plan, the Company shall deem such performance measure to have been achieved at 100% of target for purposes of determining the lump sum annual incentive payment. The Company may pay such lump sum annual incentive payment within the Company's next payroll cycle following the date of the Qualifying Termination, but must make the payment no later than 60 days from the date of the Qualifying Termination;
- (iii) reimbursement of any premiums paid by an Eligible Executive for COBRA coverage for 24 months following such Eligible Executive's Qualifying Termination. Notwithstanding the foregoing, an Eligible Executive shall no longer be entitled to reimbursement of COBRA premiums under this Section 2.2.1(a) if such Eligible Executive becomes eligible for

medical coverage under another employer's group medical plans; and

(iv) outplacement services provided by a Company selected provider limited to \$20,000 over a period not to exceed 12 months following the date of the Qualifying Termination.

(b) *If the Qualifying Termination occurs outside of the CIC Protection Period* the Eligible Executive shall receive:

(i) a lump sum cash severance payment in an amount equal to (A) two (2) times the Eligible Executive's annual base pay in effect on the date of the Qualifying Termination if such Eligible Executive is the CEO of the Company or the CEO of the Parent or (B) one and one-half (1.5) times the Eligible Executive's annual base pay in effect on the date of the Qualifying Termination if such Eligible Executive is not the CEO of the Company or the CEO of the Parent. The Company may pay such lump sum cash severance payment within the Company's next payroll cycle following the date of the Qualifying Termination, but must make the payment no later than 30 days from the date of the Qualifying Termination;

(ii) a lump sum annual incentive payment in an amount equal to the Eligible Executive's cash payment under the Company's annual incentive plan in effect on the date of the Qualifying Termination (A) calculated in accordance with the terms of the annual incentive plan through the last month in the Company's fiscal year that was completed prior to the Eligible Executive's Qualifying Termination, and (B) prorated by the number of months in the Company's fiscal year that have been completed, excluding the month in which the Qualifying Termination occurs. If the Company is unable to calculate any performance measure from such annual incentive plan, the Company shall deem such performance measure to have been achieved at 100% of target for purposes of determining the lump sum annual incentive payment. The Company may pay such lump sum annual incentive payment within the Company's next payroll cycle following the date of the Qualifying Termination, but must make the payment no later than 30 days from the date of the Qualifying Termination;

- (iii) reimbursement of any premiums paid by an Eligible Executive for COBRA coverage for 24 months following such Eligible Executive's Qualifying Termination. Notwithstanding the foregoing, an Eligible Executive shall no longer be entitled to reimbursement of COBRA premiums under this Section 2.2.1(b) if such Eligible Executive becomes eligible for medical coverage under another employer's group medical plans; and
- (iv) outplacement services provided by a Company selected provider limited to \$20,000 over a period not to exceed 12 months following the date of the Qualifying Termination.

**2.2.2 Eligible Officer Severance Benefits.** *If such Eligible Employee is an Eligible Officer, then:*

- (a) *If the Qualifying Termination occurs during the CIC Protection Period the Eligible Officer shall receive:*
  - (i) a lump sum cash severance payment in an amount equal to two and one-half (2.5) times the sum of the Eligible Officer's (A) annual base pay in effect on the date of the Qualifying Termination, and (b) Annual Incentive Bonus (in each case determined without regard to any reduction in annual base pay or Annual Incentive Bonus that constitutes Good Reason). Such lump sum cash severance payment may be paid within the Company's next payroll cycle following the date of the Qualifying Termination, but in no event later than 60 days from the date of the Qualifying Termination;
  - (ii) a lump sum annual incentive payment in an amount equal to the Eligible Officer's cash payment under the Company's annual incentive plan in effect on the date of the Qualifying Termination (A) calculated in accordance with the terms of the annual incentive plan through the last month in the Company's fiscal year that was completed prior to the Eligible Officer's Qualifying Termination (and determined without regard to any reduction in the Eligible Officer's annual incentive plan opportunity that constitutes Good Reason), and (B) prorated by the number of months in the Company's fiscal year that have been completed, excluding the month in which the Eligible Officer's Qualifying Termination occurs. If the Company is

unable to calculate any performance measure from such annual incentive plan, the Company shall deem such performance measure to have been achieved at 100% of target for purposes of determining the lump sum annual incentive payment. The Company may pay such lump sum annual incentive payment within the Company's next payroll cycle following the date of the Qualifying Termination, but must make the payment no later than 60 days from the date of the Qualifying Termination;

- (iii) reimbursement of any premiums paid by an Eligible Officer for COBRA coverage for 24 months following such Eligible Officer's Qualifying Termination. Notwithstanding the foregoing, an Eligible Officer shall no longer be entitled to reimbursement of COBRA premiums under this Section 2.2.2(a) if such Eligible Officer becomes eligible for medical coverage under another employer's group medical plans; and
- (iv) outplacement services provided by a Company selected provider limited to \$20,000 over a period not to exceed 12 months following the date of the Qualifying Termination.

(b) *If the Qualifying Termination occurs outside of the CIC Protection Period* the Eligible Officer shall receive:

- (i) a lump sum cash severance payment in an amount equal to the Eligible Officer's annual base pay in effect on the date of the Qualifying Termination. Such lump sum cash severance payment may be paid within the Company's next payroll cycle following the date of the Qualifying Termination, but in no event later than 60 days from the date of the Qualifying Termination;
- (ii) a lump sum annual incentive payment in an amount equal to the Eligible Officer's cash payment under the Company's annual incentive plan in effect on the date of the Qualifying Termination (A) calculated in accordance with the terms of the annual incentive plan through the last month in the Company's fiscal year that was completed prior to the Eligible Officer's Qualifying Termination, and (B) prorated by the number of months in the Company's fiscal year that have been completed, excluding the month in which the Eligible Officer's Qualifying Termination occurs. If the Company is unable to calculate any performance

measure from such annual incentive plan, the Company shall deem such performance measure to have been achieved at 100% of target for purposes of determining the lump sum annual incentive payment. The Company may pay such lump sum annual incentive payment within the Company's next payroll cycle following the date of the Qualifying Termination, but must make the payment no later than 60 days from the date of the Qualifying Termination;

- (iii) reimbursement of any premiums paid by an Eligible Officer for COBRA coverage for 12 months following such Eligible Officer's Qualifying Termination. Notwithstanding the foregoing, an Eligible Officer shall no longer be entitled to reimbursement of COBRA premiums under this Section 2.2.2(b) if such Eligible Officer becomes eligible for medical coverage under another employer's group medical plans; and
- (iv) outplacement services provided by a Company selected provider limited to \$20,000 over a period not to exceed 12 months following the date of the Qualifying Termination.

## ARTICLE 3

### ADDITIONAL PROVISIONS

#### **3.1 Ineligibility for Severance Benefits.**

An Eligible Employee whose employment terminates voluntarily (other than an Eligible Employee's termination of his or her employment for Good Reason during the CIC Protection Period), or due to Cause, Retirement, death or Disability, shall not be eligible for Severance Benefits.

#### **3.2 Re-employment**

If an Eligible Employee is re-employed by the Company or a Successor Employer while Severance Benefits are being paid to the Eligible Employee under the Plan, all such Severance Benefits will cease, except as otherwise agreed by the Company or the Successor Employer, as the case may be.

#### **3.3 Taxes**

Taxes will be withheld from Severance Benefits to the extent required by law.

### **3.4 Relation to Other Plans**

This Plan is in lieu of any prior severance plans, policies or programs that might apply to an Eligible Employee. Severance Benefits under this Plan will be counted as "compensation" for purposes of determining benefits under any other supplemental pension plan or similar arrangement.

### **3.5 Amendment or Termination**

This Plan may be amended, revised, changed, terminated or cancelled at any time to eliminate, decrease or increase the Severance Benefits payable to Eligible Employees. The Company has complete and absolute discretion to terminate, amend, modify or enhance the Plan at any time as it deems appropriate. Nothing in this Plan precludes an Eligible Employee from waiving his/her rights and/or entitlements to any benefits under this Plan in exchange for alternative severance benefits payable by the Company under a separate agreement.

### **3.6 Policy for the Recovery of Erroneously Awarded Compensation**

Notwithstanding any provisions of this Plan to the contrary, Severance Benefits under the Plan shall be subject to forfeiture or recoupment to the extent provided under Parent's Policy for the Recovery of Erroneously Awarded Compensation, as the same may be amended and/or restated from time to time.

### **3.7 Certain Tax Matters**

In the event it shall be determined that any payments or distributions by the Company, Parent or any affiliate to or for the benefit of a an Eligible Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) ("Total Payments"), is or will be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Eligible Employee's Total Payments shall be reduced to the maximum amount that could be paid to the Eligible Employee without giving rise to the Excise Tax (the "Safe Harbor Amount"), if the net after-tax benefit to the Eligible Employee after reducing the Eligible Employee's Total Payments to the Safe Harbor Amount is greater than the net after-tax (including the Excise Tax) benefit to the Eligible Employee without such reduction. Any reduction pursuant to this Section 3.7 of an Eligible Employee's Total Payments, if applicable, shall be made by reducing first the cash Severance Benefits made pursuant to Section 2.2 of this Plan, then any other Severance Benefits provided pursuant to Section 2.2 of this Plan, and then to any other payment or benefit that triggers such Excise Tax in the following order: (a) reduction of cash payments, (b) cancellation of accelerated vesting of performance-based equity awards (based on the reverse order of the date of grant), (c) cancellation of accelerated vesting of time-based equity awards (based on the reverse order of the date of grant), and (d) reduction of any other benefits or payments due to the Eligible Employee (with benefits or payments in any group having different payment terms being reduced on a pro-rata basis). All determinations that are required to be made under this Section 3.7, including determinations as to whether the Total Payments to Participant shall be reduced to the Safe Harbor Amount, the amount of any such reduction, and the assumptions to be utilized in arriving at such determinations, shall be made at the Company's expense by the Company's then current independent auditors, or such other nationally recognized accounting or valuation firm selected by the Company.

### **3.8 Section 409A**

The Company intends that the Plan and any Severance Benefits provided hereunder will be exempt from, or will comply with, any applicable requirements of Section 409A of the Code and the applicable guidance issued by the Department of the Treasury ("Section 409A"), and the Plan will be interpreted and administered in accordance with such intent. In furtherance of such intent, and in each case solely to the extent necessary to comply with Section 409A: (a) a Qualifying Termination, shall be interpreted to mean a "separation from service" (within the meaning of Section 409A) that constitutes a Qualifying Termination; (b) notwithstanding any provision of the Plan to the contrary, no payment subject to Section 409A that is payable under the Plan on account of the "separation from service" (within the meaning of Section 409A) of an Eligible Employee who is a "specified employee" (within the meaning of Section 409A) shall be payable during the first six months following the Eligible Employee's separation from service, and any such payments subject to Section 409A instead will be accumulated and paid on the first day of the seventh month following the Eligible Employee's separation from service; and (c) if the 60-day period following a Qualifying Termination in which payment of Severance Benefits may be made begins in one calendar year and ends in the next calendar year, such Severance Benefits shall be payable in the later of those two calendar years. Although the Company intends to administer the Plan so that the Plan and any Severance Benefits provided hereunder will be exempt from, or will comply with, the requirements of Section 409A, the Company does not warrant that any Severance Benefits provided under the Plan will qualify for favorable tax treatment under Section 409A or any other provision of federal, state, local, or foreign tax law.

## **ARTICLE 4**

### **SUPERIOR PLAN PROVISIONS**

#### **4.1 Surviving Plan**

This Plan shall control the terms and amounts of Severance Benefits payable to Eligible Employees regardless of any severance benefits policies, plans or programs of the Company established prior to the adoption of this Plan. Accordingly, this Plan in its entirety shall supersede all Company adopted policies, plans or programs of the Company that provide severance or change of control benefits to Eligible Employees. This Plan shall be binding upon any successor organization of the Company and shall inure to the benefit of the Eligible Employees. Notwithstanding the foregoing, nothing in this Plan precludes an Eligible Employee from waiving his/her rights and/or entitlements to any benefits under this Plan in exchange for alternative severance benefits payable by the Company under a separate agreement.

## ARTICLE 5

### ADMINISTRATIVE PROVISIONS

#### **5.1 General**

- 5.1.1 Discretion.** The Administrator is responsible for the general administration and management of the Plan and shall have all powers and duties necessary to fulfill its responsibilities, including, but not limited to, the discretion to interpret and apply the Plan and to determine all questions relating to eligibility for benefits. The Administrator shall have the discretion to interpret or construe ambiguous, unclear or implied (but omitted) terms as it deems appropriate in its sole discretion. 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.
- 5.1.2 Finality of Determinations.** All actions taken and all determinations made in good faith by the Administrator will be final and binding on all persons claiming any interest in or under the Plan. To the extent the Administrator has been granted discretionary authority under the Plan, the Administrator's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter.
- 5.1.3 Drafting Errors.** If, due to errors in drafting, any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Administrator in its sole discretion, the provision shall be considered ambiguous and shall be interpreted by the Administrator in a fashion consistent with the evidenced intent.

#### **5.2 Costs and Indemnification**

All costs of administering the Plan and providing Plan benefits will be paid by the Company. To the extent permitted by applicable law and in addition to any other indemnities or insurance provided by the Company, the Company shall indemnify and hold harmless its (and its affiliates) current and former officers, directors, and employees against all expenses, liabilities and claims (including legal fees incurred to defend against such liabilities and claims) arising out of their discharge in good faith of their administrative and fiduciary responsibilities with respect to the Plan. Expenses and liabilities arising out of willful misconduct will not be covered under this indemnity.

#### **5.3 Limitation on Employee Rights**

This Plan shall not give any employee the right to be retained in the service of the Company or interfere with or restrict the right of the Company to discharge or retire the employee. This Plan shall not constitute a contract of employment of any kind.

#### **5.4 Governing Law**

This Plan is a welfare benefit plan subject to ERISA, and it shall be interpreted, administered, and enforced in accordance with that law. To the extent that state law is applicable, the statutes and common law of the State of Delaware (excluding any that mandate the use of another jurisdiction's laws) shall apply.

#### **5.5 Miscellaneous**

Where the context so indicates, the singular will include the plural and vice versa. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan. Unless the context clearly indicates to the contrary, a reference to a statute or document shall be construed as referring to any subsequently enacted, adopted or executed counterpart.

#### **5.6 ERISA Rights**

The following information required by ERISA is furnished by the Administrator.

##### **5.6.1 General Plan Information.**

<i>Name of Plan:</i>	NorthWestern Corporation Key Employee Severance Plan
<i>Plan Administrator's Name:</i>	NorthWestern Corporation
<i>Address and Phone Number:</i>	3010 West 69th Street Sioux Falls, South Dakota 57104 Telephone: 605-978-2900
<i>Employer Identification Number assigned by IRS:</i>	46-0172280
<i>Plan Number of the Plan:</i>	540
<i>Type of Plan:</i>	Severance Pay Plan
<i>Type of Administration:</i>	Employer Administration
<i>Name and Address of Registered Agent for Service of Legal Process:</i>	Plan Administrator
<i>Source of Contribution to the Plan:</i>	General assets of NorthWestern Corporation
<i>Funding Medium:</i>	General assets of NorthWestern Corporation
<i>Plan Fiscal Year Ends On:</i>	December 31

##### **5.6.2 Plan Modification, Amendment, and Termination.** The Administrator has the right to amend or terminate the Plan only in accordance with Section 3.5 and 5.7.5.

**5.6.3 Your Rights under ERISA.** As an Eligible Employee in the Plan, you are entitled to certain rights and protections under ERISA. Your rights include the following:

- (a) *Right to Examine Plan Documents.* You have the right to examine all plan documents. The Administrator will tell you where the plan documents are available for examination. There will be no charge for examining plan documents.
- (b) *Right to Obtain Copies of Plan Documents.* You have the right to obtain copies of all plan documents. You should make your request in writing to the Administrator. There may be a reasonable charge for the copies.
- (c) *Right to Written Explanation of Denial.* If your claim for benefits under the plan is denied in whole or in part, you must be given a written explanation of the reason for denial.
- (d) *Right to Review.* You have the right to request a review and reconsideration of any denial of your claim for plan benefits.
- (e) *Other ERISA Rights.* You can protect your rights under ERISA. For example, ERISA gives you the right to file suit in a state or federal court if your claim for benefits under the plan is denied or ignored. You also can file suit in a federal court if you request plan documents and do not receive them within thirty (30) days. In such a case, the court will require the Administrator to give you the plan documents you requested. In some cases, the court could also require the Administrator to pay you up to \$110 a day until you receive the requested materials.

If you have any questions about your plan, you should contact the Administrator. If you have any questions about this statement of your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

## 5.7 Claims Procedures

**5.7.1 Claims Normally Not Required.** Normally, you do not need to present a formal claim to receive benefits payable under this Plan.

**5.7.2 Disputes.** If any person (Claimant) believes that benefits are being denied improperly, that the Plan is not being operated properly, that fiduciaries of the Plan have breached their duties, or that the Claimant's legal rights are being violated with respect to the Plan, the Claimant must file a formal claim with the Administrator. This requirement applies to all claims that any Claimant has with respect to the Plan, including claims against fiduciaries and former fiduciaries, except to the extent the Administrator determines, in its sole discretion, that it does not have the power to grant all relief reasonably being sought by the Claimant.

**5.7.3 Time for Filing Claims.** A formal claim must be filed within 90 days after the date the Claimant first knew or should have known of the facts on which the claim is based, unless the Administrator in writing consents otherwise.

**5.7.4 Arbitration.** The Eligible Employees and Company agree that any and all disputes, controversies or claims of any kind or nature, including but not limited to any arising out of or in any related to the interpretation of this Plan or to the employment or separation of an Eligible Employee from the Company that have not been resolved by the Company within 90 days of the filing of a formal claim by the Eligible Employee under Section 5.7.3, shall be submitted to binding arbitration under the auspices and rules of the American Arbitration Association located nearest to where the Eligible Employee resides. Judgment upon an award rendered by the arbitrator may be entered in any competent court having jurisdiction over the dispute. The Eligible Employees and Company agree that arbitration is in lieu of any and all other civil legal proceedings and that all rights to resolve disputes through court or trial by jury are hereby waived. Furthermore, the Company agrees that it will reimburse an Eligible Employee for any legal costs arising from an Arbitration proceeding that results in a favorable outcome for such Eligible Employee.

**5.7.5 Procedures.** The Administrator has adopted the procedures for considering and adjudicating claims, which it may amend from time to time, as it sees fit. These procedures shall comply with all applicable legal requirements. The right to receive benefits under this Plan is contingent on a Claimant using the prescribed claims procedures to resolve any claim. Therefore, if a Claimant (or his or her successor or assign) seeks to resolve any claim by any means other than the prescribed claims provisions, he or she must repay all benefits received under this Plan and shall not be entitled to any further Plan benefits.

**Adopted and Approved**

**NorthWestern Corporation**

By:

Brian B. Bird

Title:

President and Chief Executive Officer

April 25, 2024

Date

*Signature Page*  
*Key Employee Severance Plan*

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

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**Effective March 10, 2005**

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**Amended October 31, 2007**

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**Amended and Restated February 23, 2011**

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**Amended and Restated April 8, 2011**

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**Amended and Restated (and Renamed) February 18,  
2014**

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**Amended and Restated  
February 11, 2021**

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**Amended and Restated  
October 2, 2023**

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**Amended and Restated  
April 25, 2024**

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# **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 was renamed as the “NorthWestern Energy Group, Inc. Amended and Restated Equity Compensation Plan” and amended and restated to reflect the assumption of the Plan by NorthWestern Energy Group, Inc. (the “*Company*”). The Plan was further amended and restated as set forth herein, effective April 25, 2024. 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) With respect to any Awards that are not assumed or substituted by the acquiring or continuing corporation (or a parent corporation thereof) (the "Successor Corporation") in the Change in Control, such Awards shall vest (and, to the extent applicable, become exercisable) in full, with any applicable Performance Measures deemed satisfied at the "target" level, effective immediately prior to the Change in Control; or
- (ii) With respect to any Awards that are assumed or substituted by the Successor Corporation in the Change in Control, such Awards, to the extent not previously vested or forfeited, shall vest (and, to the extent applicable, become exercisable) in full, with any applicable Performance Measures deemed satisfied at the "target" level, effective immediately prior to an Involuntary Termination of the Participant that occurs within 24 months after the Change in Control.

The foregoing provisions of this Section 13(c) shall apply with respect to Awards granted under the Plan on or after April 25, 2024. The effect of a Change in Control upon any Awards granted under the Plan prior to April 25, 2024 shall be determined in accordance with the provisions of Section 13(c) of the Plan as in effect immediately prior to such date.

(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.

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*Appendix A: Definitions*

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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 in 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 a 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.

## 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.

April 26, 2024

/s/ BRIAN B. BIRD

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Brian B. Bird

*President and Chief Executive Officer*

## 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.

April 26, 2024

/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 March 31, 2024, 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.

April 26, 2024

*/s/ BRIAN B. BIRD*

Brian B. Bird

*President and Chief Executive Officer*

**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 March 31, 2024, 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.

April 26, 2024

/s/ CRYSTAL LAIL

Crystal Lail

*Vice President and Chief Financial Officer*