

[FINAL AND APPROVED FOR POSTING TO DTC]

NORTHWESTERN CORPORATION

To the Indenture Trustees identified on
the Distribution List hereto

Re: Northwestern Corporation, Debtor, Case No. 03-12872 (CGC), United States Bankruptcy Court for the
District of Delaware

Please be advised that on October 19, 2004, the Bankruptcy Court for the District of Delaware entered its Order confirming Northwestern Corporation's Second Amended and Restated Plan of Reorganization dated August 18, 2004 (the "Plan"). A copy of the Confirmation Order is attached. NOR has designated November 1 as the Effective Date.

Upon the Effective Date of the Plan, Northwestern will be issuing two securities: 35,500,000 shares of Common Stock, \$.10 par value per share ("New Common Stock") with CUSIP number 668074 30 5, and warrants to purchase an additional 5,304,598 shares of the New Common Stock ("Warrants") with CUSIP number 668074 11 5.

The Plan provides for the following distributions as to Northwestern's outstanding debt and equity issues:

- *Class 5 Holders of Secured Bonds* (Pollution Control Bonds CUSIP numbers: 587850DB1, 795430ED5, 387793DM1, 387793DN9, 346668BP0, 346668BR6; Montana and South Dakota Mortgage Bonds CUSIP numbers: 668231AJ2, 668231AH6, 612085AV2, 612085AQ3, 612085AR1, 612085AS9, 61208QAD6, U6202MAA9) will continue to hold these bonds which shall be reinstated in full with no additional distributions (see Section 4.5(b) of the Plan);

- *Class 7 Holders of Unsecured Notes* (CUSIP numbers: 61208HAB0, 61208HAC8, 61208HAA2, 668074AB3, 668074AJ6, 668074AG2) will no longer have rights to these bonds, which shall be extinguished, annulled and cancelled in their entirety, and deemed null, void and worthless, automatically with no further action by the holders thereof, and the holders of allowed claims will be entitled to a pro rata share, together with Class 9 holders, of 32,660,000 shares of New Common Stock (see Section 4.7(c) of the Plan);

- *Class 8(a) Holders of Unsecured Subordinated Notes underlying Trust Preferred Securities* (CUSIP numbers: 629470204, 668031206, 668033202, 668034200) will no longer have rights to these notes or securities, which shall be extinguished, annulled and cancelled in their entirety, and deemed null, void and worthless, automatically with no further action by the holders thereof, and the holders of allowed claims will be entitled to a pro rata share of 2,278,769 (2,334,409 shares provided by the Plan less 55,640 shares allocated to the Indenture Trustee under its charging lien for payment of its fees and expenses) shares of New Common Stock and, together with holders of Class 8(b) who voted in favor of the distribution, a pro rata share of the 5,305,000 Warrants (see Section 4.8(a)(ii)(iii) of the Plan);

- *Class 8(b) Holders of Unsecured Subordinated Notes underlying Quarterly Income Preferred Securities* (CUSIP number 612083204), will no longer have rights to these notes or securities, which shall be extinguished, annulled and cancelled in their entirety, and deemed null, void and worthless, automatically with no further action by the holders thereof, and the holders of allowed claims who voted in favor of the distribution will be entitled to a pro rata share of 505,591 shares of New Common Stock and, together with holders of Class 8(a), a pro rata share of the 5,305,000 Warrants (see Section 4.8(b)(ii)(iii) of the Plan); and

- *Holders of Common Stock* (CUSIP number 668074107), will receive nothing under the Plan and the outstanding securities shall be extinguished, annulled and cancelled in their entirety, and deemed null, void and worthless, automatically with no further action by the holders thereof (see Section 4.13(b) of the Plan).

The Plan established October 20, 2004 as the Record Date for purposes of these distributions. The Confirmation Order entered in this case deemed "allowed" claims in Classes 7 (in the aggregate amount of \$898,264,683), Class 8(a) (in the aggregate amount of \$321,069,399) and Class 8(b) (in the aggregate amount of \$69,537,873). As of the Effective Date, Northwestern has made the required distributions of New Common Stock to LaSalle Bank National Association, Northwestern's transfer agent for the New Common Stock and Warrants ("Transfer Agent"), for further delivery through DTC to the holders in these Classes and the required distributions of Warrants to the Transfer Agent for the holders in Classes 8(a) and 8(b).

The Plan also establishes a Class 9 for holders of "general unsecured claims." Holders of "allowed" claims in Class 9 will also be entitled to a pro rata share of the 32,660,000 shares of New Common Stock allocated for Class 7 claims. However, because distributions can only be made as claims are deemed "allowed", the Debtor will be making multiple distributions to its Transfer Agent as claims are deemed "allowed".

Attached to this Notice is a schedule indicating, by CUSIP number, (i) the outstanding principal and interest owed under the various Class 7 Unsecured Notes, and outstanding shares of Class 8(a) and 8(b) Trust Preferred Securities, (ii) how the shares of New Common Stock and Warrants are to be allocated and (iii) setting forth the conversion ratio for each. Except with respect to shares of New Common Stock issued to Class 9 holders of general unsecured claims, the shares of New Common Stock and Warrants will be issued in book-entry-only form through the Depository Trust Corporation.

All of the fees and expenses of the Indenture Trustees will have been paid in full on the Effective Date with the exception of Wilmington Trust Company, Indenture Trustee for the Class 8(b) Trust Preferred Securities, which will receive shares of New Common Stock for its final fees and expenses.

To the extent you have questions regarding Northwestern's Plan and the distributions to be made thereunder, you may contact any of the following:

Northwestern Corporation
605-978-2848
605-978-2840 (fax)
Attn: Roger Schrum (roger.schrum@northwestern.com)

Paul, Hastings, Janofsky & Walker LLP
404-815-2400
404-815-2424 (fax)
Attn: Karol Denniston (karoldenniston@paulhastings.com)
Karen Leach (karenleach@paulhastings.com)

LaSalle Bank National Association (Transfer and Warrant Agent)
312-904-2584
312-904-2236 (fax)
Attn: Joseph Pellicore (joseph.pellicore@abnamro.com)

Kurtzmann Carson Consultants LLC
310-823-9000
310-751-1549 (fax)
Attn: Chris Schepper (cschepper@kccllc.com)

Bondholder Communications Group
212-809-2663
212-422-0790 (fax)
Attn: Nancy Calloway (ncalloway@bondcom.com)

Distribution List

JP Morgan Chase Bank (Indenture Trustee for the South Dakota First Mortgage Bonds)
Attn: Romano Peluso
4 New York Plaza
15th Floor
New York, NY 10004

Bank of New York (Indenture Trustee for the Montana First Mortgage Bonds)
Attn: Irene Siegel
101 Barclay St
New York, NY 10286

JP Morgan Chase Bank (Indenture Trustee for the Montana Pollution Control Bonds)
Attn: Romano Peluso
4 New York Plaza
15th Floor
New York, NY 10004

Wells Fargo NA (Indenture Trustee for the South Dakota Pollution Control Bonds)
Attn: Lisa A. Miller
608 2nd Avenue S
MAC N9303-120
Minneapolis, MN 55479

Wilmington Trust Company (Indenture Trustee for the Gas Transition Bonds)
Attn: Patricia Evans VP
1100 N. Market Street
Wilmington, DE 19890

HSBC Bank USA (Indenture Trustee for the November 1, 1998 Indenture Claims)
Attn: Robert Conrad
10 East 40th Street
New York, NY 10016-0200

HSBC Bank USA (Indenture Trustee for the December 1, 1989 Indenture Claims)
Attn: Robert Conrad
10 East 40th Street
New York, NY 10016-0200

Wilmington Trust Company (Indenture Trustee for the Trust Preferred Securities)
Attn: Sandra R. Ortiz
1100 N. Market Street
Wilmington, DE 19890

Law Debenture Trust Company of New York (Indenture Trustee for the Quarterly Income Preferred Securities)
Attn: Daniel R. Fisher
767 Third Avenue
31st Floor
New York, NY 10017