

NorthWestern Energy sale to Babcock & Brown Infrastructure Background Information

NorthWestern Energy acquired the electric and gas transmission and distribution of Montana Power Co. in 2002. Two years later NorthWestern voluntarily reorganized under Chapter 11 bankruptcy. NorthWestern serves about 320,000 utility customers in Montana.

Babcock & Brown Infrastructure (BBI) owns and manages infrastructure in Australia, New Zealand, Europe, and the United States.

April 2006

NorthWestern Corporation announces that the company has reached an agreement with BBI under which BBI acquires NorthWestern in a cash transaction. The value is set at \$37 per share or \$2.2 billion. The transaction is subject to regulatory and shareholder approval.

July 2006

Committee on Foreign Investments in the United States approves the transaction.

August 2006

NorthWestern shareholders approve transaction. The agreed upon acquisition price is a 15.3% premium to NorthWestern's share price.

October 2006

NorthWestern Corporation announces that the Federal Trade Commission has granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 with respect to its merger with BBI.

The Federal Energy Regulatory Commission approves NorthWestern's merger with BBI. The Commission finds that the merger is consistent with "the public interest, because it will not have an adverse effect on competition, rates or regulation, and will not result in cross subsidization of a non-utility associate company," according to the Commission announcement.

The Nebraska Public Service Commission unanimously approves the transaction. NorthWestern provides natural gas to about 41,272 customers in Nebraska. NorthWestern does not provide electricity to customers in Nebraska.

December 2006

The South Dakota Public Utilities Commission determines that current state law does not allow them to exercise jurisdiction over the transaction. The decision does not remove the SDPUC's jurisdiction over rates and quality of service. NorthWestern provides electric and natural gas service to about 59,000 electric customers and 42,228 natural gas customers in the

eastern half of South Dakota.

South Dakota has since amended its statutes clarifying that it should have jurisdiction over such matters. It is unknown if the SDPUC will, based on the newly adopted law, attempt to exercise jurisdiction in the NorthWestern sale.

February 2007

The Federal Communications Commission approves the transaction.

March 2007

The Montana Public Service Commission holds a series of public hearings on the proposed transaction. BBI, the Montana Consumer Counsel, NorthWestern and a number of other interested parties comment on the proposal. The commission continues to review the testimony, in addition to written testimony and evidence submitted over the last 12 months.

May 2007

The Montana Public Service Commission votes unanimously to draft an order rejecting the \$2.2 billion sale of BBI, noting that the proposed sale poses too much of a risk to NorthWestern's Montana customers.

June 2007

BBI puts together a new offer and announces it is committed to buying NorthWestern. The new offer that includes a rate credit for NorthWestern's 320,000 electric and gas customers, a commitment to invest in new power projects, and details on spending for utility maintenance.

July 2007

The PSC votes 5-0 to uphold the original announcement rejecting the sale of BBI, again noting that the deal poses too much of a risk to Montana ratepayers.

NorthWestern Energy later announced that BBI had formally withdrawn its offer and halted efforts to buy the company.