American Gas Association Financial Forum

May 21-23, 2019

8-K May 21, 2019

NorthWestern Energy

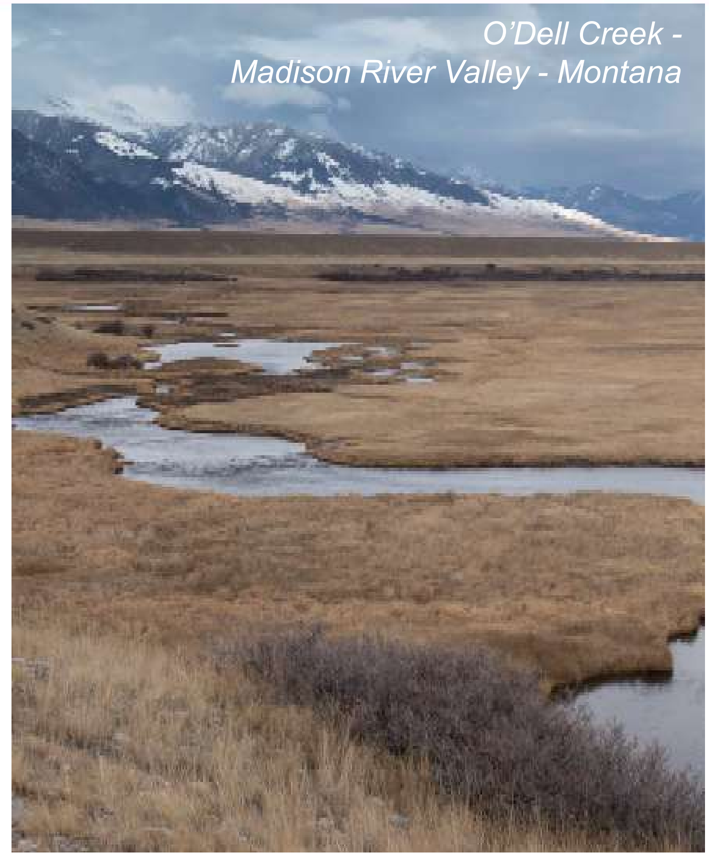
Delivering a Bright Future

Forward Looking Statements

Forward Looking Statements

During the course of this presentation, there will be forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will."

The information in this presentation is based upon our current expectations as of the date hereof unless otherwise noted. Our actual future business and financial performance may differ materially and adversely from our expectations expressed in any forward-looking statements. We undertake no obligation to revise or publicly update our forward-looking statements or this presentation for any reason. Although our expectations and beliefs are based on reasonable assumptions, actual results may differ materially. The factors that may affect our results are listed in certain of our press releases and disclosed in the Company's most recent Form 10-K and 10-Q along with other public filings with the SEC.



Company Information

NorthWestern Corporation
dba: NorthWestern Energy
Ticker: NWE
Trading on the NYSE
www.northwesternenergy.com

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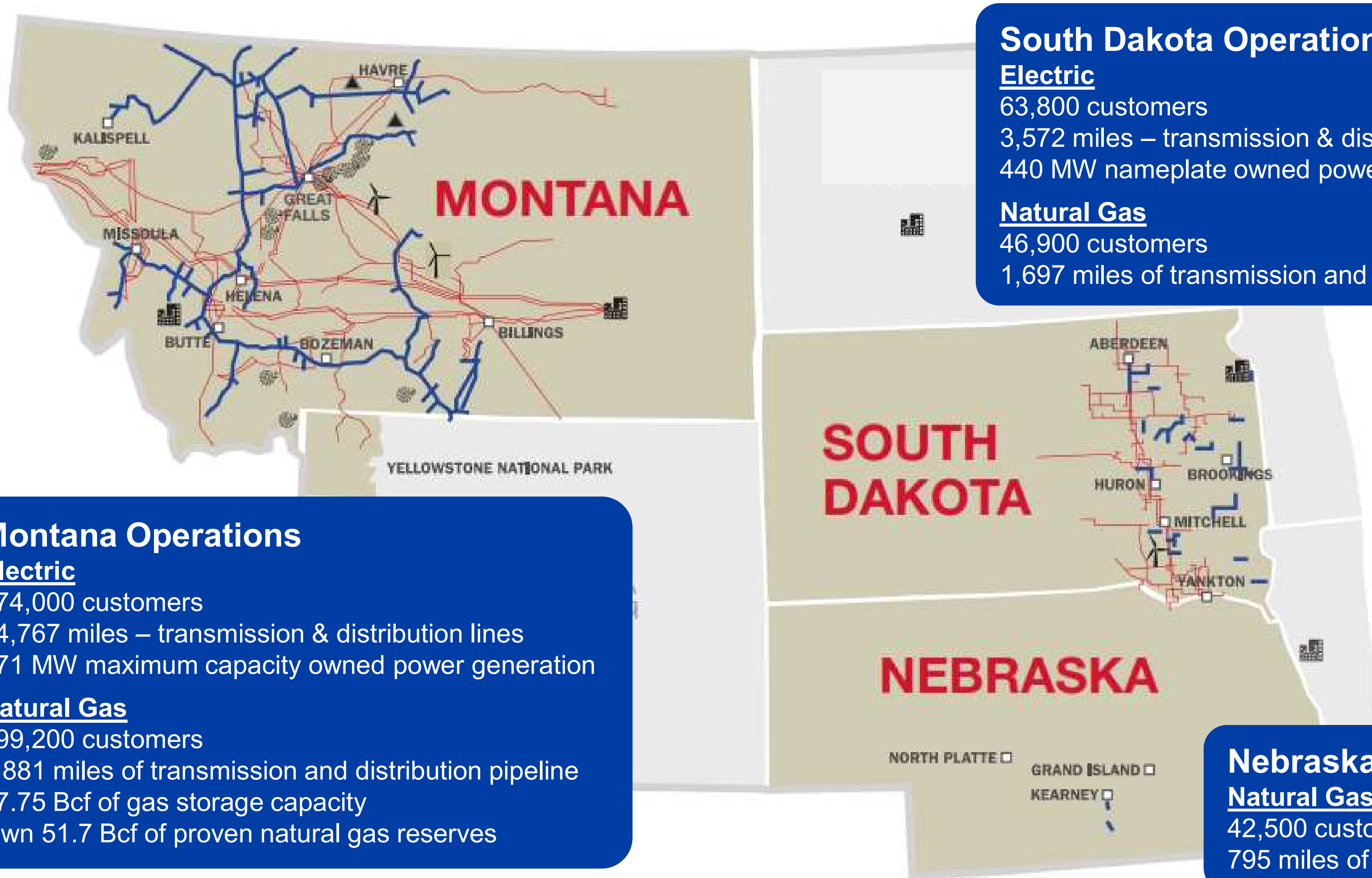
NorthWestern Energy
Delivering a Bright Future

About NorthWestern



South Dakota Operations

Electric

63,800 customers
3,572 miles – transmission & distribution lines
440 MW nameplate owned power generation

Natural Gas

46,900 customers
1,697 miles of transmission and distribution pipeline

Montana Operations

Electric

374,000 customers
24,767 miles – transmission & distribution lines
871 MW maximum capacity owned power generation

Natural Gas

199,200 customers
6,881 miles of transmission and distribution pipeline
17.75 Bcf of gas storage capacity
Own 51.7 Bcf of proven natural gas reserves

Nebraska Operations

Natural Gas

42,500 customers
795 miles of distribution pipeline

- Electric
- Natural Gas
- Wind Farm
- Hydro Facilities
- Thermal Generating Plants
- Natural Gas Reserves
- Peaking Plants

Data as of 12/31/2018

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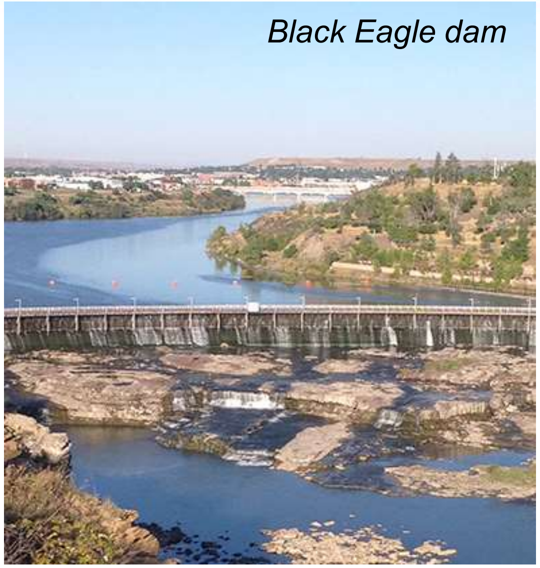
NWE - An Investment for the Long Term


Black Eagle dam

Pure Electric & Gas Utility

- 100% regulated electric & natural gas utility business with over 100 years of operating history
- Solid economic indicators in service territory
- Diverse electric supply portfolio ~55% hydro, wind & solar

Solid Utility Foundation

- Residential electric & gas rates below national average
- Solid system reliability
- Low leaks per 100 miles of pipe
- Solid JD Power Overall Customer Satisfaction scores

Strong Earnings & Cash Flow

- Consistent track record of earnings & dividend growth
- Strong cash flows aided by net operating loss carry-forwards anticipated to be available into 2020
- Strong balance sheet & investment grade credit ratings

Attractive Future Growth Prospects

- Disciplined maintenance capital investment program to ensure safety and reliability
- Significant investment in renewable resources (hydro & wind) will provide long-term energy supply pricing stability for the benefit of customers for many years to come
- Further opportunity for energy supply investment to meet significant capacity shortfalls

Financial Goals & Metrics

- Debt to total capitalization ratio of 50%-55% with liquidity of $100 million or greater
- Targeted 6%-9% long-term total shareholder return (eps growth plus dividend yield)
- Targeted dividend payout ratio of 60%-70%

Best Practices Corporate Governance

NYSE Governance Services GOVERNANCE, RISK AND COMPLIANCE LEADERSHIP AWARDS 2015 WINNER

2015 UTILITY CUSTOMER CHAMPION RESIDENTIAL | COGENT REPORTS™

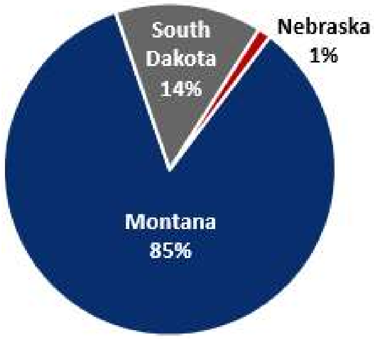
Forbes | 2013 AMERICA'S MOST TRUSTWORTHY COMPANIES

CORPORATE GOVERNANCE AWARDS —2014— Corporate Secretary WINNER

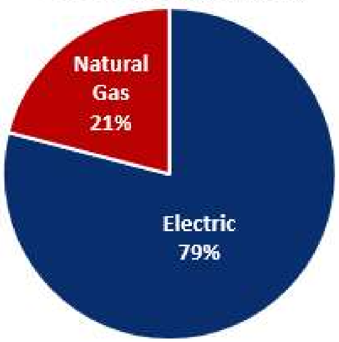
corpedia ETHICS. ELEVATED.

A Diversified Electric and Gas Utility

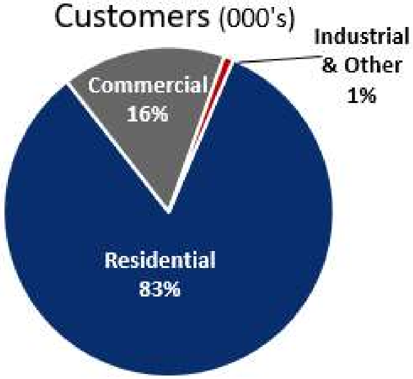
Gross Margin ($ M) (1)



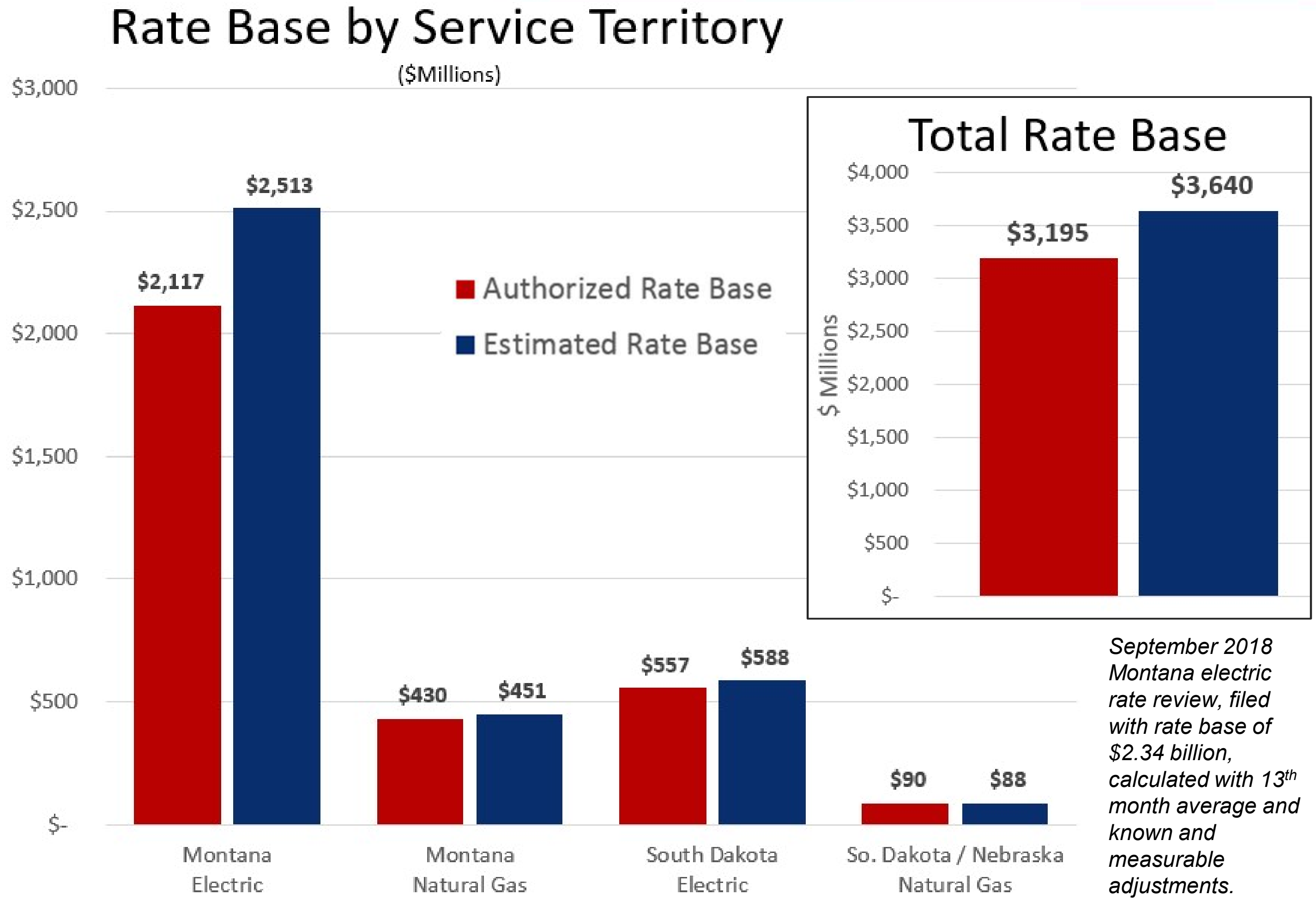
Gross Margin ($ M)



Customers (000's)



Data as reported in our 2018 10-K



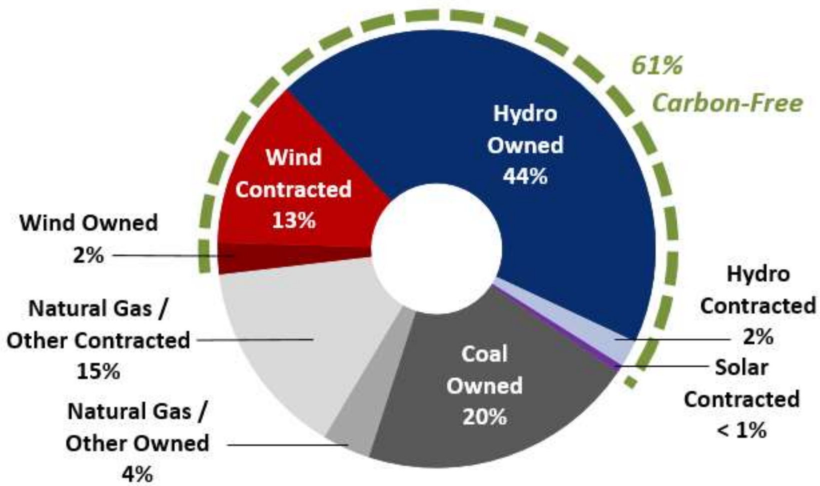
September 2018 Montana electric rate review, filed with rate base of $2.34 billion, calculated with 13th month average and known and measurable adjustments.

NorthWestern's '80/20' rules:
Approximately 80% Electric, 80% Residential and 80% Montana.
Over $3.6 billion of rate base investment to serve our customers

(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure. See appendix for additional disclosure.

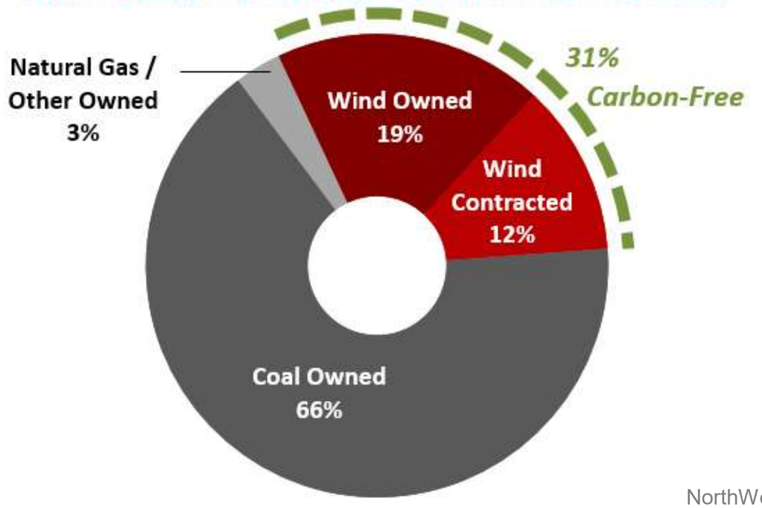
Highly Carbon-Free Supply Portfolio

Montana 2018 Electric Generation Portfolio



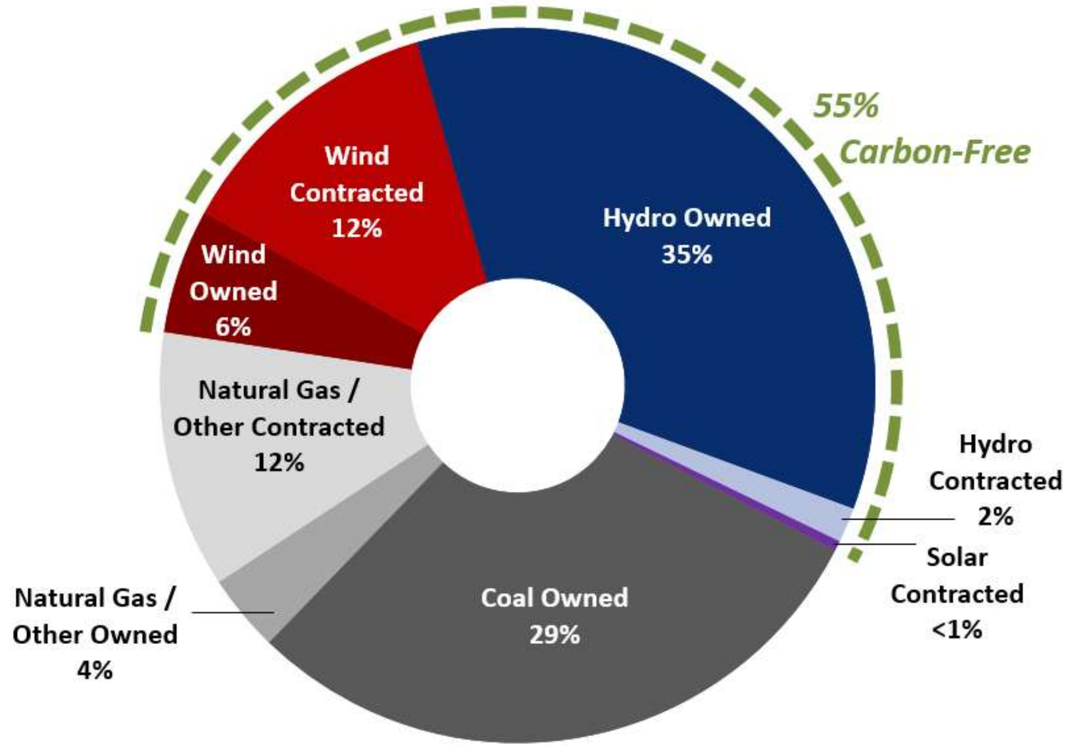
Based on MWH of owned & long-term contracted resources

South Dakota 2018 Electric Generation Portfolio



Based on MWH of owned & long-term contracted resources

2018 Electric Generation Portfolio



Based upon 2018 MWH's of owned and long-term contracted resources. Approximately 55% of our total company owned and contracted supply is carbon-free.

NorthWestern does not own all the renewable energy certificates (RECs) generated by contracted wind, and periodically sells its own RECs with proceeds benefiting retail customers. Accordingly, we cannot represent that 100% of carbon-free energy in the portfolio was delivered to our customers.

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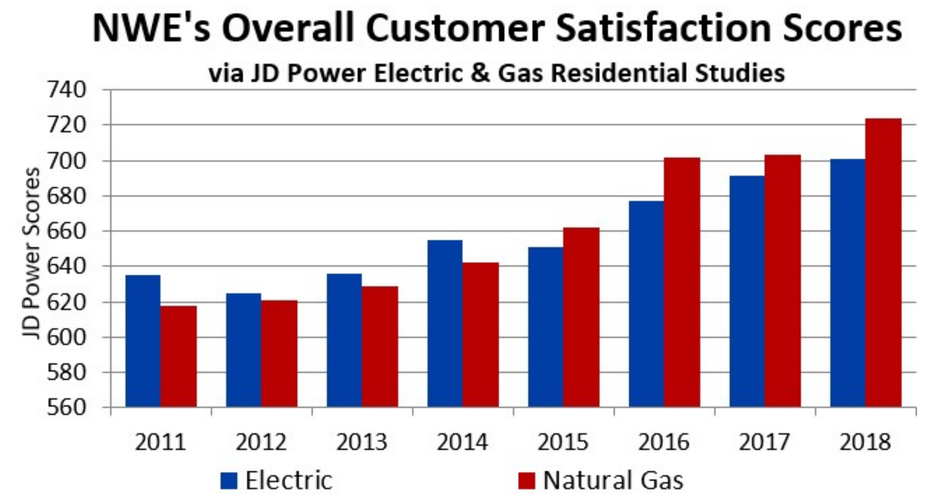
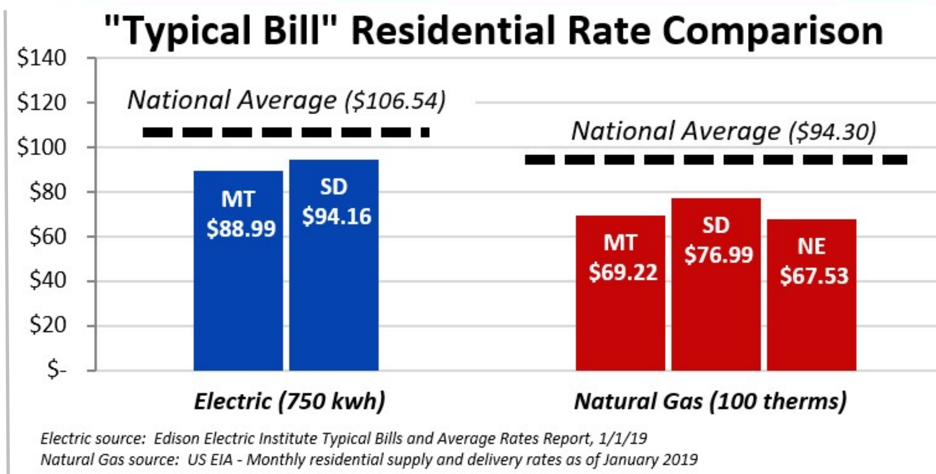
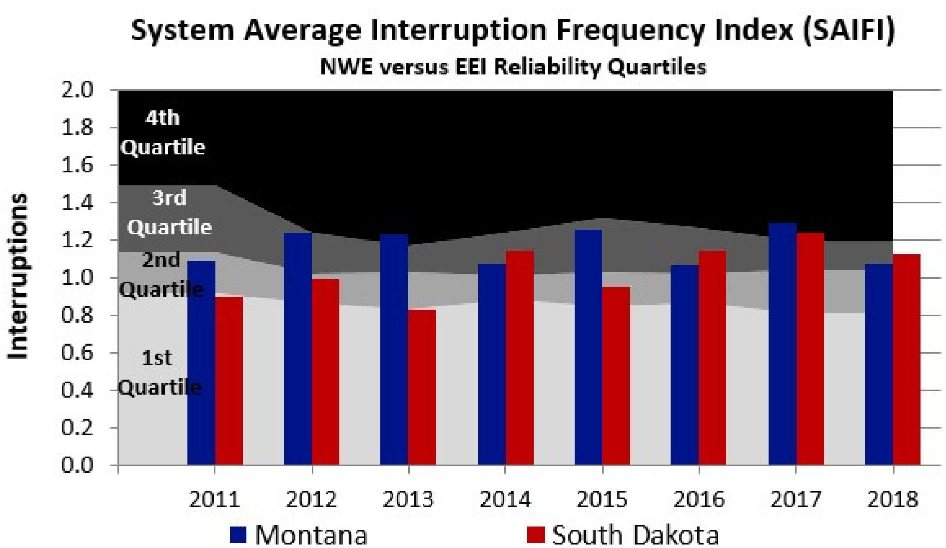
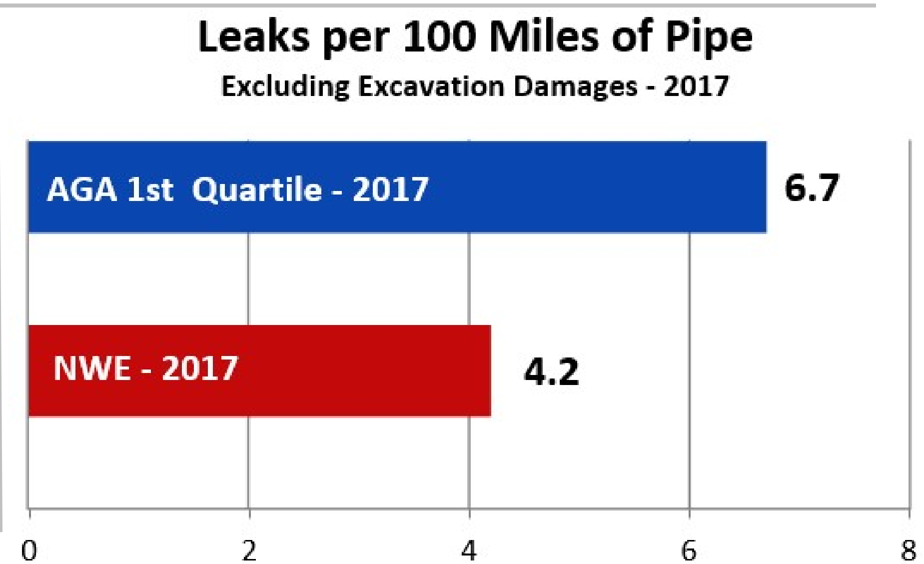
Strong Utility Foundation









- Solid and improving JD Power Overall Customer Satisfaction Scores
- Residential electric and natural gas rates below national average
- Solid electric system reliability and low gas leaks per mile

NorthWestern Energy
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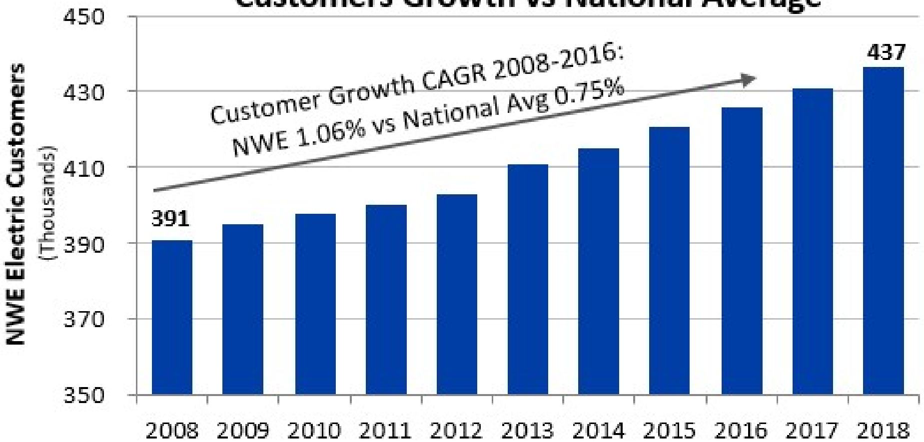
Solid Economic Indicators

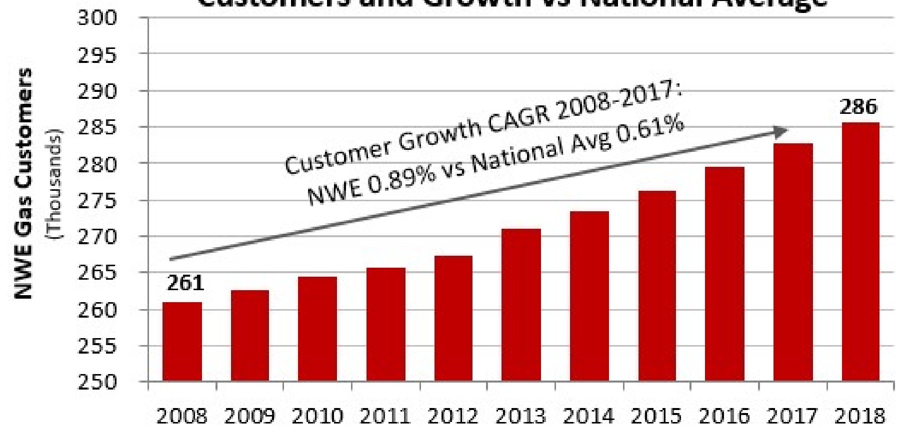
Electric

Customers Growth vs National Average



Natural Gas

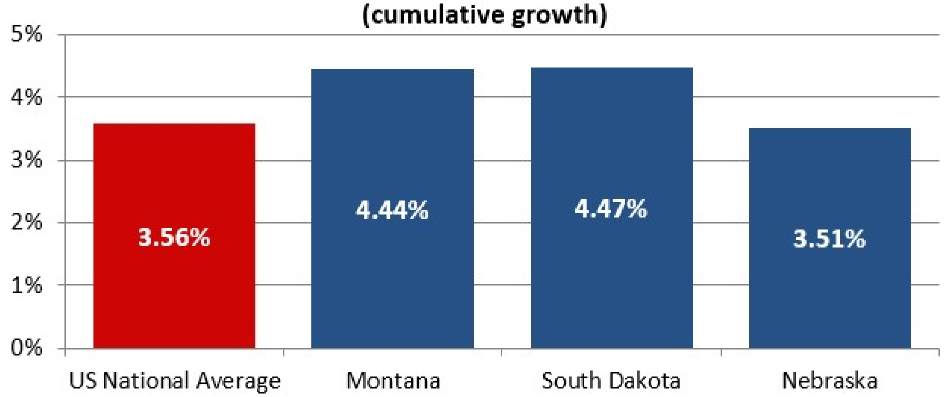
Customers and Growth vs National Average



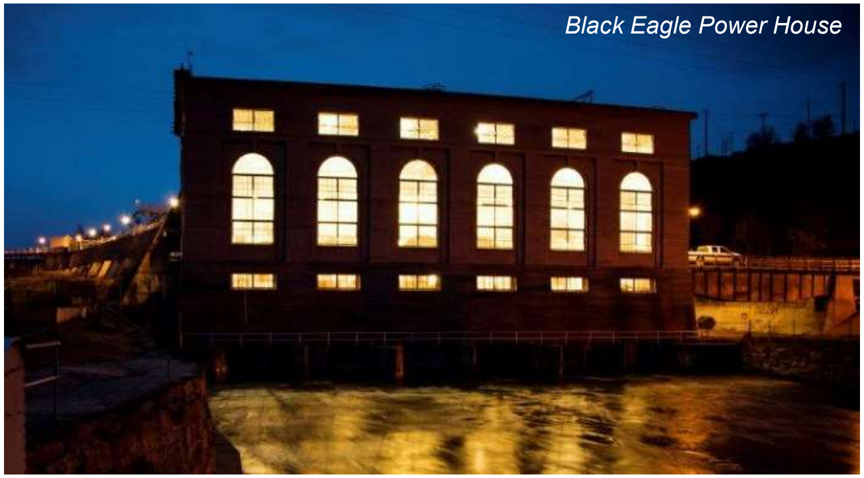
Source: Company 10K's, 2016/2017 EEI Statistical Yearbook – Table 7.2 and EIA.gov

Projected Population Growth 2019 - 2024

(cumulative growth)

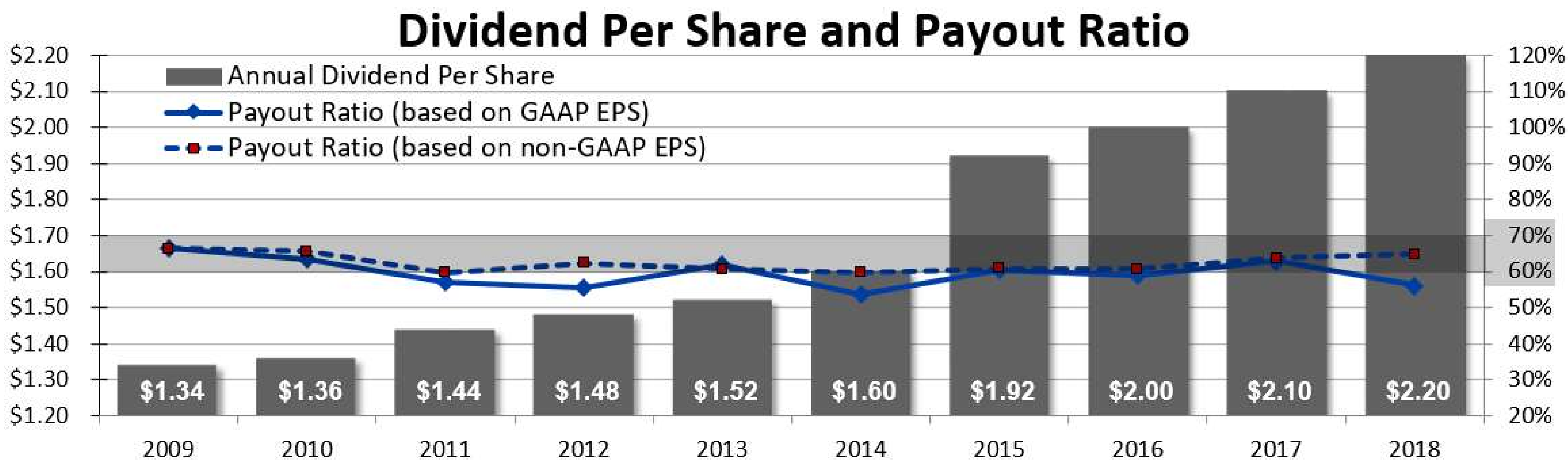


Source: Claritas via S&P Global Market Intelligence 10-26-18


Black Eagle Power House

- Customer growth rates historically exceed National Averages.
- Projected population growth in our service territories in-line or better than the National Average.

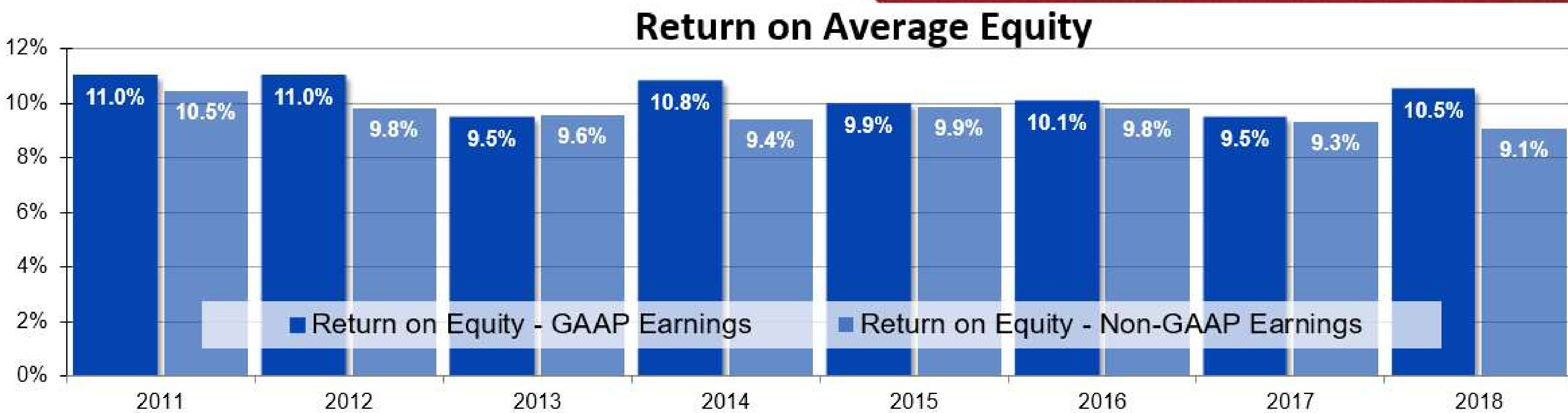
A History of Growth

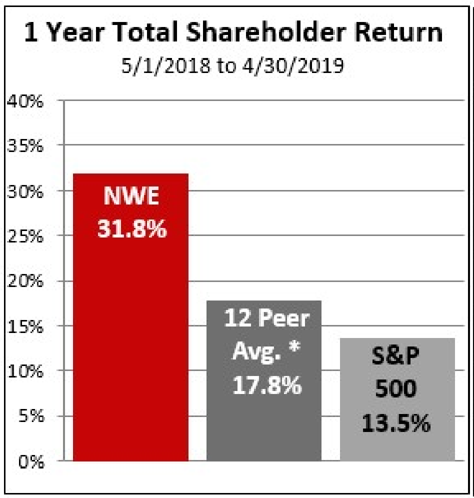


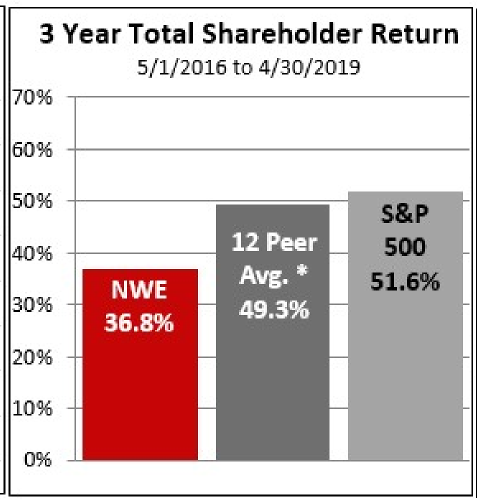
2009-2018 CAGR's: GAAP EPS: 7.6% - Non-GAAP EPS: 5.9% - Dividend: 5.7%

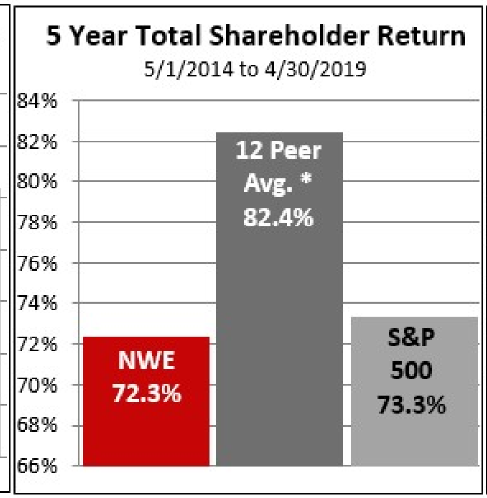
See appendix for "Non-GAAP Financial Measures"

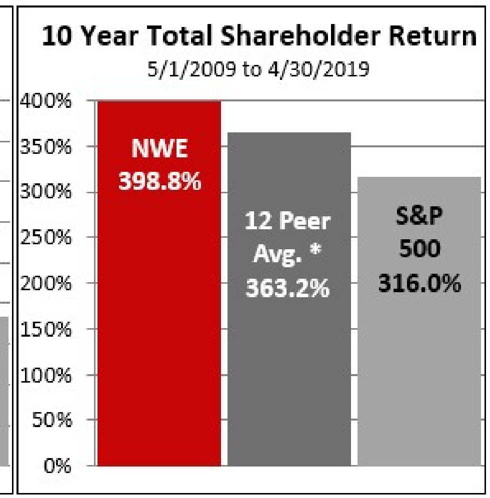
Track Record of Delivering Results









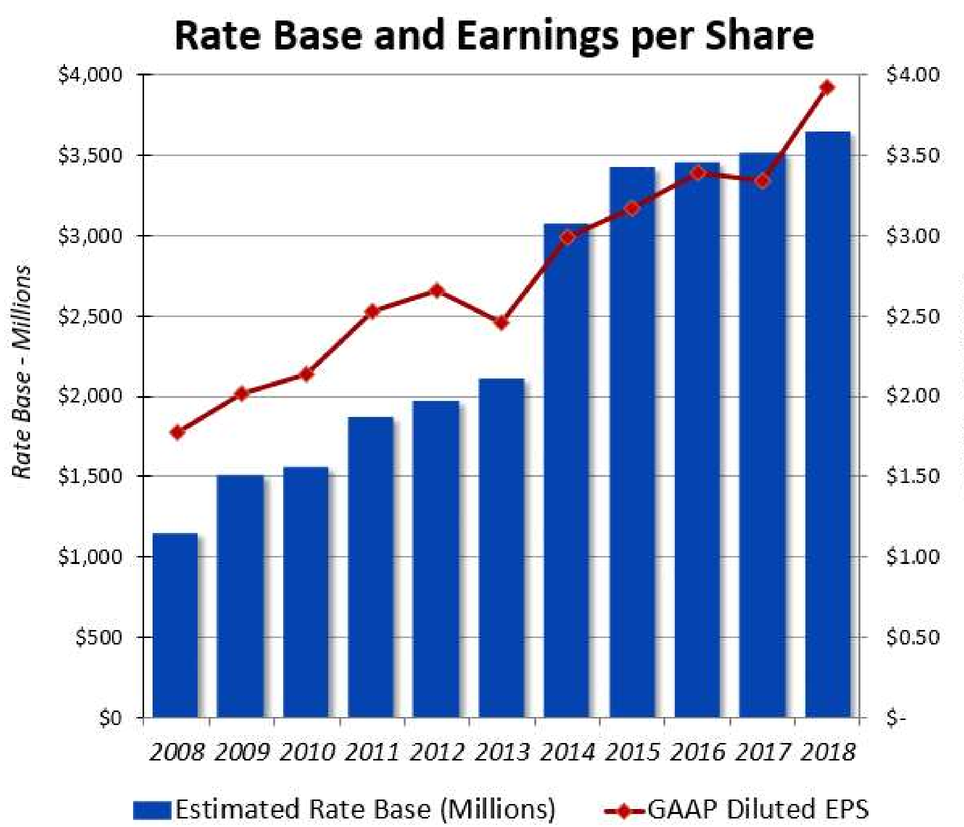


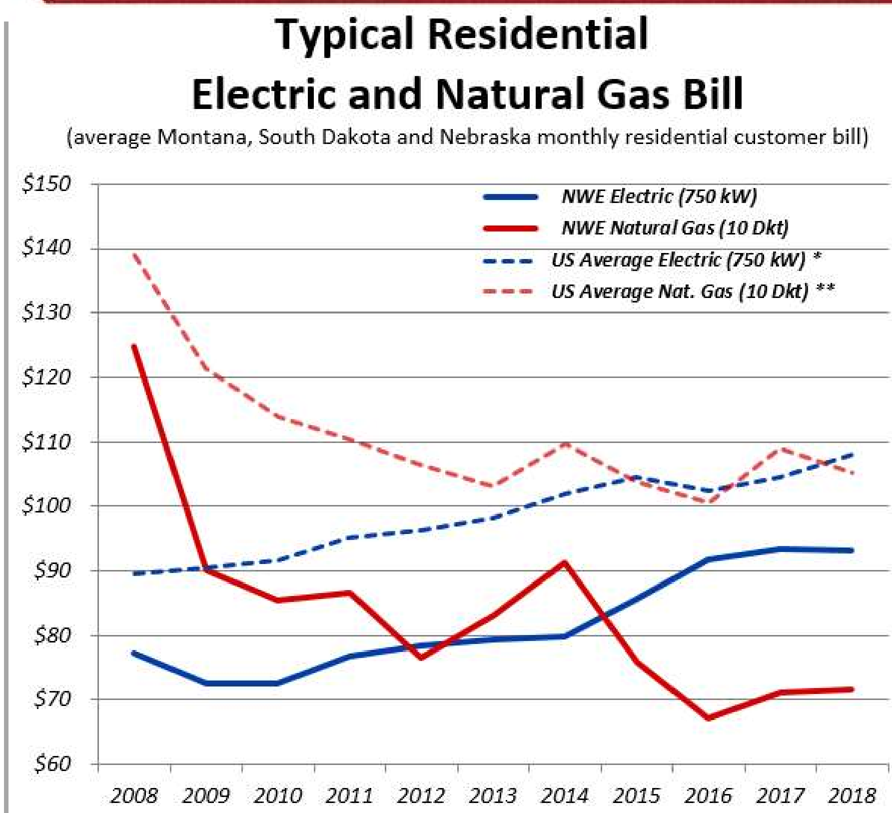
* *Peer Group: ALE, AVA, BKH, EE, IDA, MGEE, NWN, OGE, OTTR, PNM, POR & SR*

Return on Equity on GAAP Earnings within 9.5% - 11.0% band over the last 8 years with average of 10.3%. Total Shareholder Return is better than our 12 peer average for the 1 & 10 year periods but lags in the 3 & 5 year periods, due in part to regulatory concerns in Montana.

See appendix for "Non-GAAP Financial Measures"

Investment for Our Customers' Benefit





* Electric - EEI Typical Bills and Average Summer and Winter Rates Report (2008-2018)
** Natural Gas - EIA U.S. Price of Natural Gas Delivered to Residential Customers (2008-2018)

Over the past 8 years we have been reintegrating our Montana energy supply portfolio and making additional investments across our entire service territory to enhance system safety, reliability and capacity.

We have made these enhancements with minimal impact to customers' bills while maintaining bills lower than the US average. As a result we have also been able to deliver solid earnings growth for our investors.

2008-2018 CAGRs	Estimated Rate Base:	12.2%	GAAP Diluted EPS:	8.3%
2008-2018 CAGRs	NWE typical electric bill:	1.9%	NWE typical natural gas bill:	(5.4%)
2008-2018 CAGRs	US average electric bill:	1.9%*	US average natural gas bill:	(2.7%)**

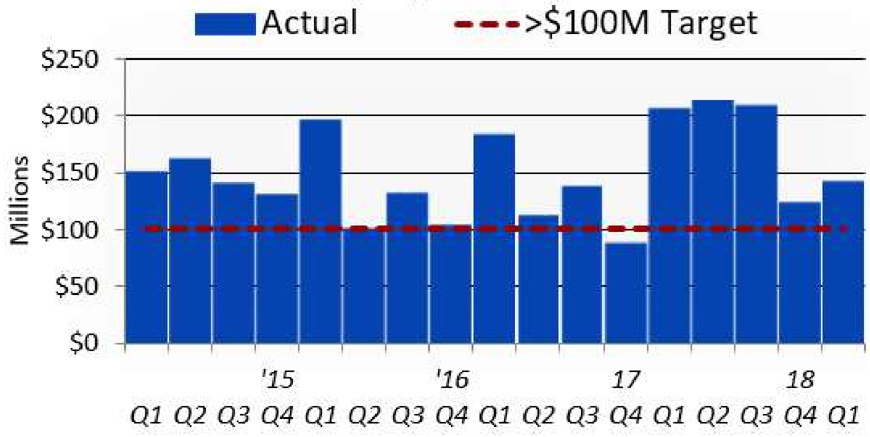
Balance Sheet Strength and Liquidity

Credit Ratings

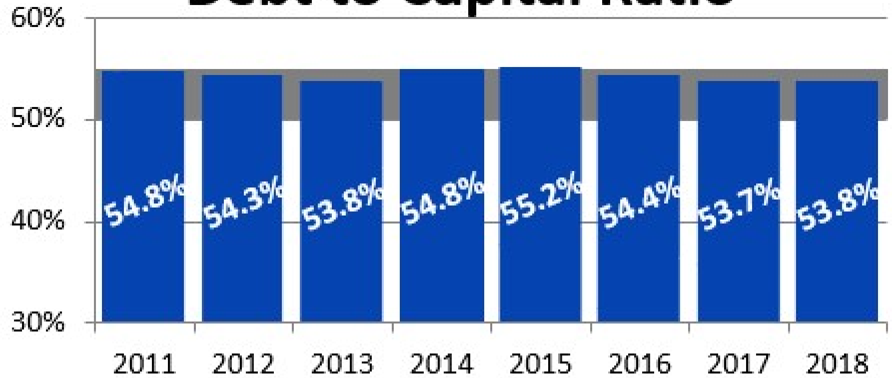
	Fitch	Moody's	S&P
Senior Secured Rating	A	A3	A-
Senior Unsecured Rating	A-	Baa2	BBB
Commerical Paper	F2	Prime-2	A-2
Outlook	Negative	Stable	Stable

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

Liquidity



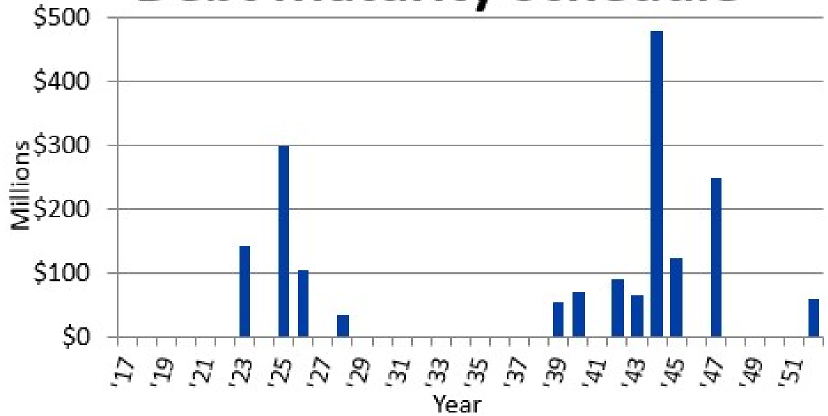
Debt to Capital Ratio



Target: 50% - 55% - Annual ratio based on average of each quarter's debt/cap ratio

Excludes Basin Creek capital lease and New Market Tax Credit Financing

Debt Maturity Schedule



Investment grade credit ratings, generally liquidity in excess of $100 million target,
debt to cap within our targeted 50%-55% range and no long-term debt maturities until 2023.

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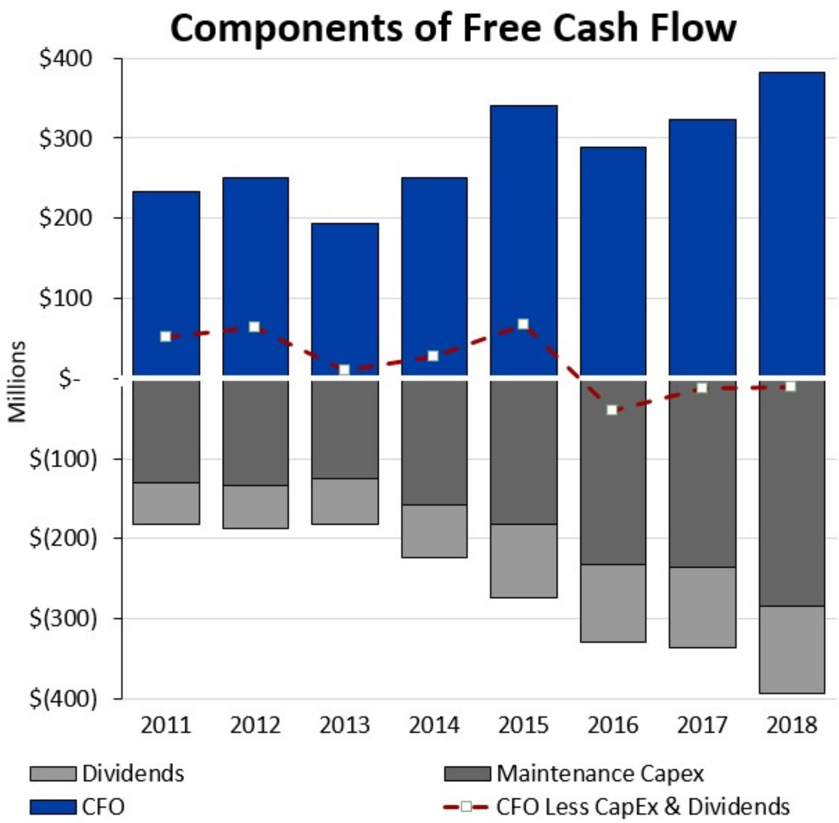
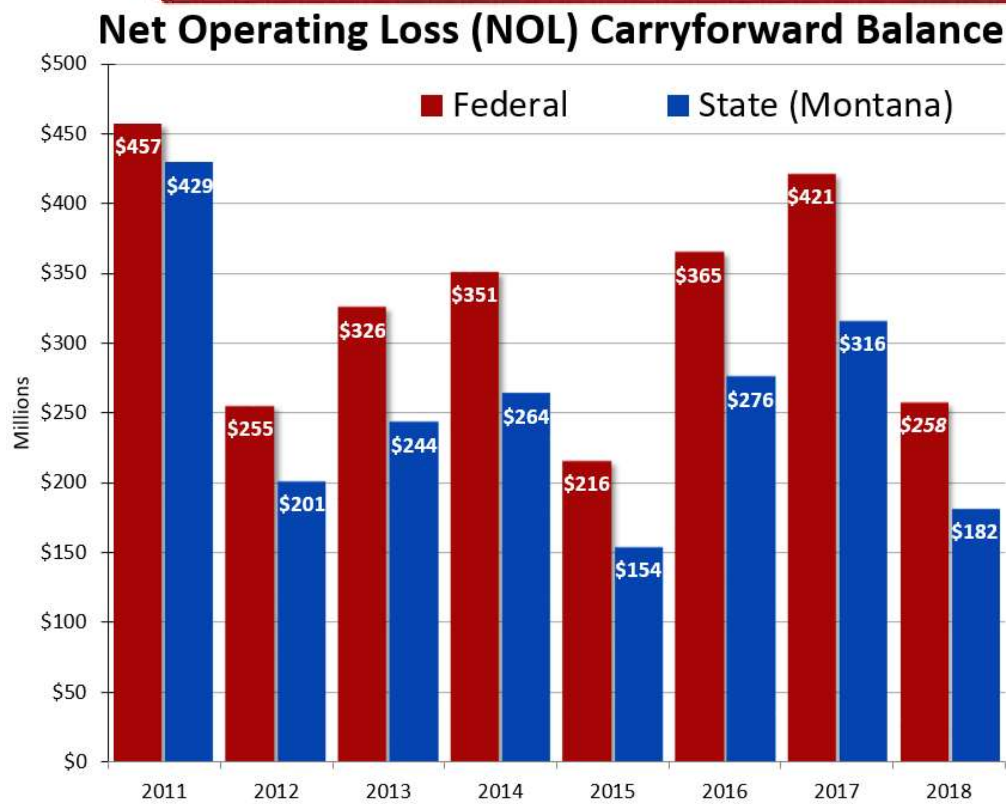
Strong Cash Flows



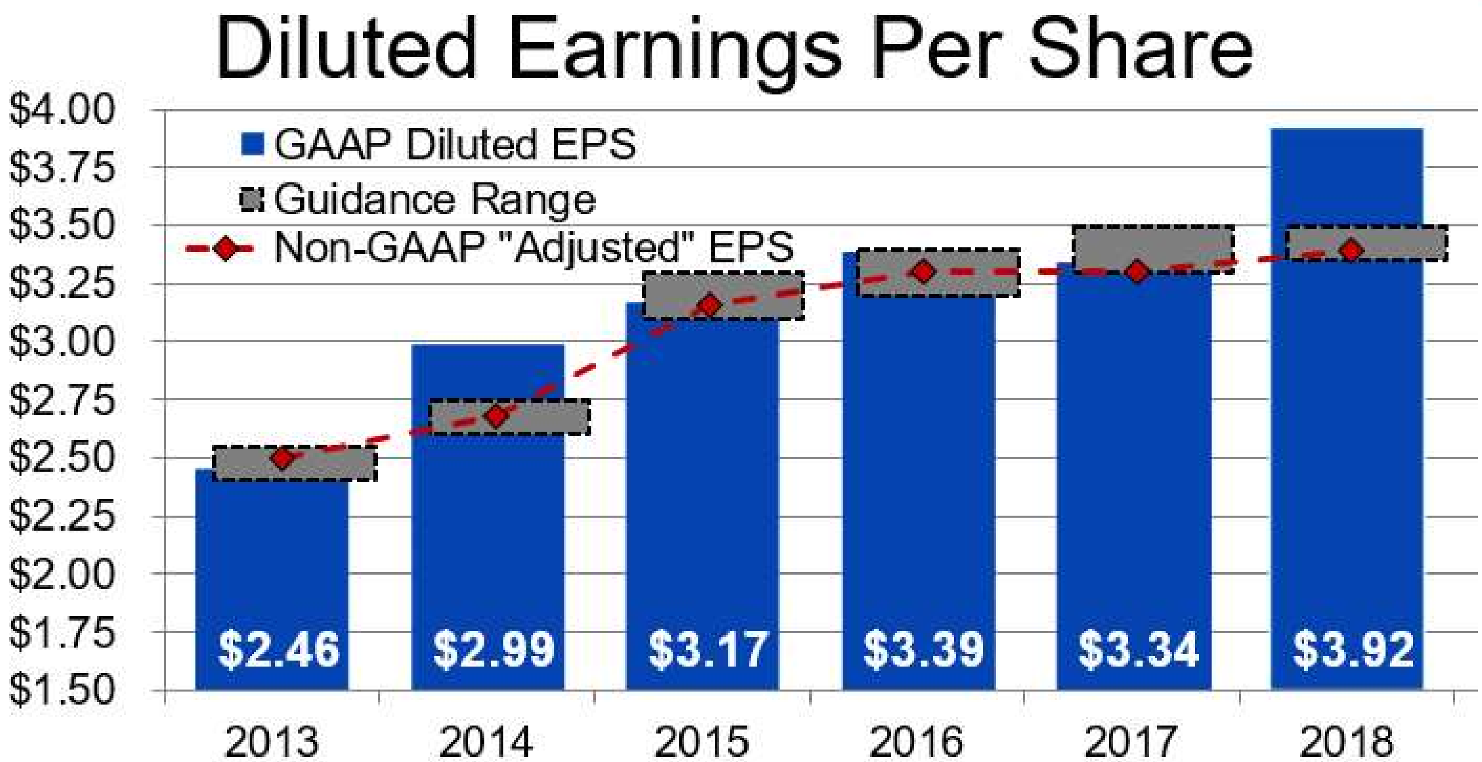


While maintenance capex and total dividend payments have continued to grow since 2011 (11.9% and 11.2% CAGR respectively), Cash Flow from Operations (CFO) has, on average, exceeded maintenance capex and dividend payments by approximately $7 million per year. Note: 2016 CFO is less than 2015 largely due to $30.8M refund to customers related to FERC/DGGS ruling and $7.2M refund to customers for difference in SD Electric interim & final rates.

We expect NOLs to be available into 2020 with alternative minimum tax credits and production tax credits to be available into 2022 to reduce cash taxes. Additionally, we anticipate our effective tax rate to reach 10% by 2023.

(See appendix for “Non-GAAP Financial Measures” relating to free cash flow and disclaimer on NOLs)

Earnings Growth



Non-GAAP Adjusted EPS Growth averaged 6.3% from 2013-2018

We are not providing 2019 EPS guidance at this time due to the pending Montana rate case. However, continued investment in our system to serve our customers and communities is expected to provide a targeted long term 6-9% total return to our investors through a combination of earnings growth and dividend yield.

Negative outcomes in upcoming regulatory proceedings could result in near-term returns below our 6-9% targeted range. Generation investment to reduce or eliminate our capacity shortfall could allow us to achieve the higher-end of our range over the long term.

See "Non-GAAP Financial Measures" slide in appendix for "Non-GAAP Adjusted EPS".

Recent Significant Achievements

Strong year for safety at NorthWestern

- Continue to be a top performer among Edison Electric Institute member companies.

Record best customer satisfaction scores with JD Power & Associates

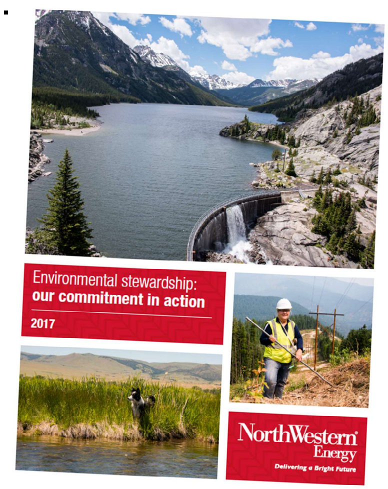
- Once again received our best JD Powers overall satisfaction survey score.

Best electric reliability scores

- Low SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) in 2018. Especially significant considering the rugged service territories served.

Corporate Governance Finalist

- In 2018 NorthWestern's proxy statement was again recognized as a finalist for "Best Proxy Statement (Small to Mid Cap)" by *Corporate Secretary Magazine*. We won the award in 2014.



Board Diversity Recognition

- Recognized for gender diversity on its board of directors by 2020 Women on Boards. Three of the company's eight independent directors are female.

Best Investor Relations Program

- Recognized, in 2018, by Institutional Investor as a top midcap utility and energy company based on access to senior management, well-informed and empowered IR team, appropriate and timely disclosures and constructive earnings calls.

Environmental, Social and Governance Reporting

- Published EEI's ESG / Sustainability reporting template in December 2018. This quantitative information supplements our biennial Stewardship Report that highlights our commitment to the stewardship of natural resources and our sustainable business practices.

Acquired Two Dot Wind Farm

- June 2018 acquired 9.7 MW wind project, near Geyser, Montana, for $18.5 million.

Looking Forward

Regulatory

- MPSC to review Montana general electric rate review, filed in September 2018.
- FERC rate case filed in May 2019 for associated Montana transmission assets.

Continue to Invest in our T&D infrastructure

- Comprehensive infrastructure capital investment program to ensure safety, capacity and reliability.
- Natural gas pipeline investment (SAFE PIPES Act, Integrity Verification Process and Pipeline & Hazardous Materials Safety Administration proposed regulations).
- Grid modernization, advanced distribution management system and advanced metering infrastructure investment.

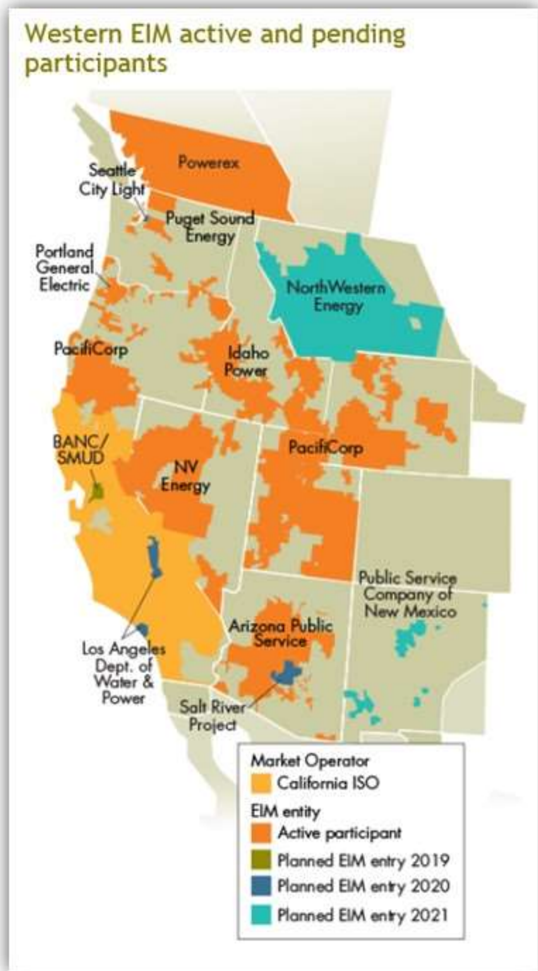
NWE plans to join Western Energy Imbalance Market (EIM)

- Real-time energy market could mean lower cost of energy for Montana customers, more efficient use of renewables and greater power grid reliability.

Cost Control Efforts

- Continue to monitor costs, including labor, benefits and property tax valuations to mitigate increases.

Advance Electricity Resource Planning efforts in South Dakota and Montana



Montana Electric Rate Case

Background

- First general electric rate case in Montana since 2009.
- While we have efficiently managed operating and administrative costs, increased Montana property taxes and significant investment in the system have compelled the request for rate relief.

The filing also requests:

- Approval to capitalize Demand Side Management Costs
- Establish a new baseline for PCCAM costs
- Place Two Dot Wind in rate base
- Approval of new net metering customer class and rate for new residential private generation

September 2018 Filing (Docket D2018.2.12)

- Filed based on 2017 test year and $2.34 billion of rate base.
- Requested $34.9 million annual increase to electric rates (~7.4% increase to the typical residential bill).
- On April 5, 2019, we filed rebuttal testimony that updated and lowered our requested increase to $30.7 million. This update responded to intervenor testimony and included certain known and measurable adjustments.
- Request includes a10.65% return on equity, 4.26% cost of debt, 49.4% equity & 7.42% return on rate base[1]
- February 2019, Montana Consumer Counsel (MCC) recommended a $17.3 million rate decrease.
- March 2019, the MPSC approved an increase in rates of approximately $10.5 million on an interim and refundable basis effective April 1, 2019.

Update

- May 10, 2019 NorthWestern reached a Stipulation and Settlement Agreement with all parties who filed a comprehensive revenue requirement testimony. If approved, the settlement would result in approximately $6.5 million annual increase in revenue (based upon a 9.65% ROE and rate base and capital structure as filed) and a $9.3 million decrease in depreciation expense.
- May 13, 2019 Hearing commenced and will continue day-to-day as necessary.

1. Except for Colstrip Unit 4 which has an lifetime ROR of 8.25% per D2008.6.69 (Order No. 6925f)

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NWE Energy Supply Resource Plans

South Dakota Electricity Supply Resource Plan

- Published fall of 2018, the plan focuses on modernization of our fleet to improve reliability and flexibility, maintain compliance in Southwest Power Pool, and lowering operating costs. The plan identifies 90MWs of existing generation that should be retired and replaced over the next 10 years.
- On April 15, 2019, we issued a request for proposals for 60 MW of flexible capacity resources to begin serving South Dakota customers by the end of 2021. Responses are due in July 2019, with evaluation of the proposals during the second half of 2019.

Montana Electricity Supply Resource Plan

- The draft plan was filed in early March 2019 and was followed by a 60 day public comment period. A finalized plan, including responses to public comment, is expected to be filed by the end of June 2019.
- The plan supports the goal of developing resources that will address the changing energy landscape in Montana to meet our customers' electric energy needs in a reliable and affordable manner.
  - We are currently 630 MW short of our peak needs, which we procure in the market. We forecast that our energy portfolio will be 725 MW short by 2025 with a modest increase in customer demand.
  - Planned regional retirements of 3,500 MW of coal-fired generation are forecasted by the Northwest Power and Conservation Council causing regional energy shortages as early as 2021.
- We expect to solicit competitive all-source proposals in late 2019 for peaking capacity available by 2022.
  - We expect the process will be repeated in subsequent years to provide a resource-adequate energy and capacity portfolio by 2025.

The all-source capacity additions discussed above are subject to a competitive solicitation process administered by independent evaluators. As a result, we have not included the necessary capital investment in our current five year capital forecast. These additions could increase our capital spending in excess of $200 million over the next five years.

Relevant Montana Legislation

There were several potentially significant bills currently being considered by the Montana Legislature. In addition to many other less substantive bills, we closely monitored the impacts of the following:

Legislation that would have allow us to acquire up to an additional 150 MW of generation from Colstrip Unit 4 for $1 and would facilitate our placing in rates a certain amount of capital investment over the following ten years. Linked to this transaction was also a requirement to obtain a greater ownership share of the Colstrip transmission line and pay no more than the depreciated book value;

Legislation that removes the +/- $4.1 million “deadband” sharing provision from our Power Cost and Credit Adjustment Mechanism as imposed by the MPSC's January 2019 order; and

- On May 7, 2019 Senate Bill 244, removing the deadband provision from our PCCAM.

Legislation that would have prohibited the MPSC from applying a maximum contract length of 15 years to our future owned and contracted electricity supply resources as required in the MPSC's November 2017, Qualifying Facilities (QF) order.

- On April 2, 2019, the Montana State District Court reversed the MPSC’s decisions to reduce QF contract terms to 15 years and apply that term to our owned supply resources. Aspects of this ruling have been appealed to the State Supreme Court by various intervening parties. The Courts decision on the appeal is pending.

Solid Leadership & Corporate Governance

Board of Directors (left to right)

Stephan Adik *– Chairman of the Board - Independent Director since November 1, 2004*

Anthony Clark *– Independent Director since December 6, 2016 – Governance & Innovation and Human Resources Committees*

Dana Dykhouse *– Independent Director since January 30, 2009 – Human Resources (Chair) and Audit Committees*

Jan Horsfall *– Independent Director since April 23, 2015 – Audit and Governance & Innovation Committees*

Britt Ide *– Independent Director since April 27, 2017 – Governance & Innovation Committee*

Julia Johnson *– Independent Director since November 1, 2004 – Governance & Innovation (Chair) and Human Resources Committees*

Robert Rowe *- CEO & President – Director since August 13, 2008*

Linda Sullivan *– Independent Director since April 27, 2017 – Audit (Chair) and Human Resources Committees*

Executive Management Team (left to right)

Robert Rowe *- President & CEO – current position since 2008*

Brian Bird *– CFO – current position since 2003*

Michael Cashell *– VP Transmission – current position since 2011*

Heather Grahame *– VP Regulatory & General Counsel – current position since 2010*

John Hines *– VP Supply – current position since 2011*

Crystal Lail *– VP & Controller – current position since 2015*

Curtis Pohl *– VP Distribution – current position since 2003*

Bobbi Schroeppel *– VP Customer Care, Communications & Human Resources – current position since 2002*

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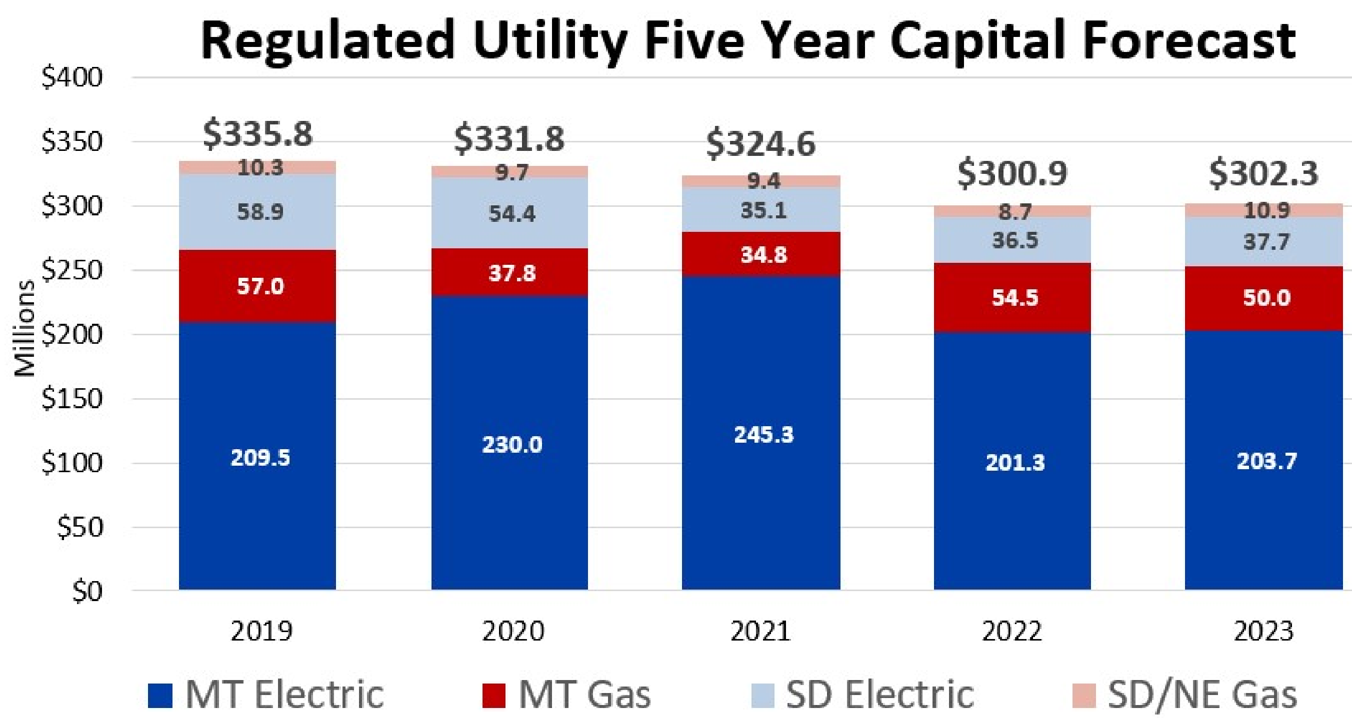
Capital Investment Forecast

$1.6 billion of total capital investment over five years.

Increased investment in first three years (relative to last two years) is primarily a result of advanced metering infrastructure (AMI) project.

We anticipate funding the expenditures with a combination of cash flows (aided by NOLs available into 2020) and long-term debt issuances.

Significant capital investments that are not in the above projections or further negative regulatory actions could necessitate additional equity funding.



$ Millions		2019		2020		2021		2022		2023
Electric	$	268.4	$	284.4	$	280.5	$	237.8	$	241.4
Naural Gas		67.4		47.4		44.1		63.1		60.9
Total Capital Forecast	$	335.8	$	331.8	$	324.6	$	300.9	$	302.3

Capital projections above do not include investment necessary to address capacity issues as identified in the South Dakota and pending* Montana Electricity Supply Resource Procurement Plans.

**Draft plan was released March 2019.*

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Conclusion


Pure Electric & Gas Utility
Solid Utility Foundation
Best Practices Corporate Governance
Attractive Future Growth Prospects
Strong Earnings & Cash Flows

Delivering a **bright future**

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Montana Electric Tracker Update

The MPSC issued a final order in January 2019 approving a Power Cost & Credit Adjustment Mechanism (PCCAM) with the following provisions:

- A baseline of power supply costs;
- Symmetrical deadband of +/- $4.1 million from the established baseline. Supply cost variances above or below the deadband are shared 90/10 with customers/shareholders, respectively; and
- Retroactive implementation to the effective date of the new legislation (July 1, 2017).

Our 2019 results include a net reduction in the recovery of supply costs from customers of approximately $1.6 million in the Consolidated Statements of Income.

- For the 2017/2018 period, actual costs were below base revenues by approx. $3.4 million, resulting in no refund to customers.
- For the 2018/2019 period, actual costs were above base revenues by approx. $27.6 million, resulting in a regulatory asset for collection from customers of approx. $21.2 million and a $6.5 million reduction in recovery of supply costs for the first nine months of the twelve month tracker period.

($Millions)	2017/2018	2018 /2019 PCCAM				
	(Jul - Jun)	(Jul - Dec)		(Jan - Mar)		(9 of 12 months)
Annual Tracker Period (July 1-June 30)	**Total**	**2018**	+	**2019**	=	**Total**
Cost Above(Below) Baseline	($3.4)	$11.8		$15.8		$27.6
Less: Deadband ($0 to $4.1 million)	($3.4)	$4.1				$4.1
Amount Above(Below) Deadband subject to 90/10 sharing	-	**$7.7**		**$15.8**		**$23.5**
Customer Funded (Refunded)						
90% of variance Above (Below) Deadband	-	$6.9		$14.2		$21.2
Shareholder Funded (Retained)						
10% of variance Above (Below) Deadband	-	$0.8		$1.6		$2.4
Deadband	($3.4)	$4.1		$0.0		$4.1
Total Shareholder Under (Over) Recovery of Supply Costs	**($3.4)**	**$4.9**	+	$\boxed{\textbf{\$1.6}}$	=	**$6.5**

x 90%

x 10%

x 100%

** Calendar year 2018 included 18 months (July 2017 - December 2018) of PCCAM impact as a result of the retroactive implementation to July 1, 2017.*

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Estimated Impacts of the Tax Cuts & Jobs Act

Montana: In December 2018, the MPSC approved a settlement agreement providing a $20.5 million one-time customer credit to electric and natural gas customers. In addition, the settlement provides:

- A $1.3 million annual reduction in natural gas rates beginning 2019 and funds for low-income energy assistance and weatherization.
- Agreement of the parties not to oppose our request to include up to $3.5 million of costs to address hazard tree removal in our 2018 electric rate review filing.
- Issues related to the revaluation of deferred income taxes will also be addressed in rate review.

Spion Kop wind farm - Montana

South Dakota: In September 2018, the SDPUC approved a settlement that resulted in a $3.0 million customer credit in the fourth quarter of 2018 and a two-year rate moratorium (until January 1, 2021).

Nebraska: In August 2018, the NPSC approved a settlement to evaluate the impact of the TCJA on an annual basis and had no impact on our financial statements.

Consolidated Impact: 2018 results included a net benefit related to the impact of the TCJA, which includes:

- An income tax benefit of $19.8 million due to final revaluation of deferred income tax liabilities.
- A net loss of $6.1 million resulting from $23.5 million in customer credits from approved tax settlements partially offset by a $17.4 million reduction in income tax expense due to the reduction in federal tax rate.
- $3.3 million of expense related to our hazard tree program as agreed in our Montana settlement. Our initial filing with the MPSC instead proposed using a portion of the TCJA benefits to fund this expenditure.

We expect a reduction in our cash flows from operations ranging from $20 - $22 million in 2019, as a result of one-time customer credits. We expect NOLs to be available into 2020 with alternative minimum tax credits and production tax credits to be available into 2022 to reduce cash taxes. Additionally, we estimate that our effective income tax rate to range from 0% to 5% in 2019 and our effective tax rate to reach 10% by 2023.

Summary Financial Results (First Quarter)

(in millions except per share amounts)

	Three Months Ended March 31,			
	2019	2018	Variance	% Variance
Operating Revenues	$ 384.2	$ 341.5	$ 42.7	12.5%
Cost of Sales	115.7	96.1	19.6	20.4%
Gross Margin [(1)]	**268.5**	**245.4**	**23.1**	**9.4%**
Operating Expenses				
Operating, general & administrative	81.1	74.3	6.8	9.2%
Property and other taxes	44.8	42.8	2.0	4.7%
Depreciation and depletion	45.6	43.8	1.8	4.1%
Total Operating Expenses	**171.5**	**160.9**	**10.6**	**6.6%**
Operating Income	**97.0**	**84.5**	**12.5**	**14.8%**
Interest Expense	(23.8)	(23.0)	(0.8)	(3.5%)
Other Income (expense)	1.1	(1.1)	2.2	200.0%
Income Before Taxes	**74.3**	**60.4**	**14.0**	**23.2%**
Income Tax Expense	(1.6)	(1.9)	0.3	15.8%
Net Income	**$ 72.7**	**$ 58.5**	**$ 14.3**	**24.4%**
Effective Tax Rate	2.1%	3.2%	(1.1%)	
Diluted: Shares Outstanding	50.7	49.5	1.2	2.4%
Diluted Earnings Per Share	$ 1.44	$ 1.18	$ 0.26	22.0%
Dividends Paid per Common Share	$ 0.575	$ 0.55	$ 0.025	4.5%

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(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure See appendix for additional disclosure.

Gross Margin (First Quarter)

(dollars in millions)

	Three Months Ended March 31,			
	2019	2018	Variance	
Electric	$ 196.0	$ 181.0	$ 15.0	8.3%
Natural Gas	72.5	64.4	8.1	12.6%
Total Gross Margin (1)	**$ 268.5**	**$ 245.4**	**$ 23.1**	**9.4%**

Increase in gross margin due to the following factors:

$ 7.9	Natural gas retail volumes
7.3	Tax Cuts and Jobs Act impact
5.5	Electric retail volumes
(1.7)	Montana natural gas rates
(1.6)	Montana electric supply costs
(0.7)	Electric transmission
3.5	Other miscellaneous increases
$ 20.2	**Change in Gross Margin Impacting Net Income**
$ 1.7	Property taxes recovered in trackers
0.8	Operating expenses recovered in trackers
0.4	Production tax credits flowed-through trackers
$ 2.9	**Change in Gross Margin Offset Within Net Income**
$ 23.1	**Increase in Gross Margin**

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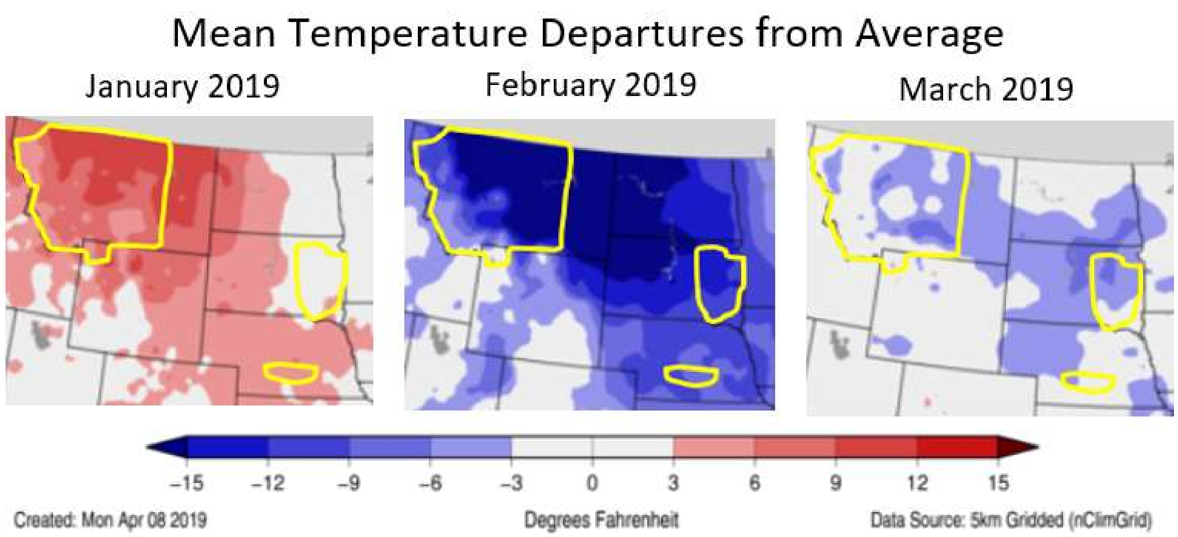
(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure See appendix for additional disclosure.

Weather (First Quarter)

Heating Degree - Days	Qtr 1 Degree Days			Q1 2019 as compared with:	
	2019	2018	Historic Average	2018	Historic Average
Montana	4,052	3,549	3,259	14% colder	24% colder
South Dakota	4,661	4,364	4,060	7% colder	15% colder
Nebraska	3,634	3,600	3,369	1% colder	8% colder



Extremely cold February and March contributed approximately $14.0M pretax gross margin benefit as compared to normal and $9.2M pretax benefit as compared to first quarter 2018.

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Operating Expenses (First Quarter)

(dollars in millions)

	Three Months Ended March 31,			
	2019	2018	Variance	
Operating, general & admin.	$ 81.1	$ 74.3	$ 6.8	9.2%
Property and other taxes	44.8	42.8	2.0	4.7%
Depreciation and depletion	45.6	43.8	1.8	4.1%
Operating Expenses	**$ 171.5**	**$ 160.9**	**$ 10.6**	**6.6%**

Increase in Operating, general & administrative expense due to the following factors:

$ 0.9	Hazard trees
0.9	Pension expense
0.4	Labor expense
0.3	Plant operator costs
1.2	Other miscellaneous increases
$ 3.7	**Change in OG&A Items Impacting Net Income**
$ 3.9	Non-employee directors deferred compensation
1.0	Operating expenses recovered in trackers
(1.8)	Pension and other postretirement benefits
$ 3.1	**Change in OG&A Items Offset Within Net Income**
$ 6.8	**Increase in Operating, General & Administrative Expenses**

$2.0 million increase in property and other taxes due primarily to plant additions and higher annual estimated property valuations in Montana.

$1.8 million increase in depreciation and depletion expense primarily due to plant additions.

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Operating to Net Income (First Quarter)

(dollars in millions)

	Three Months Ended March 31,			
	2019	2018	Variance	
Operating Income	**$ 97.0**	**$ 84.5**	**$ 12.5**	**14.8%**
Interest Expense	(23.8)	(23.0)	(0.8)	(3.5%)
Other Income / (Expense)	1.1	(1.1)	2.2	200.0%
Income Before Taxes	**74.4**	**60.4**	**14.0**	**23.2%**
Income Tax Expense	(1.6)	(1.9)	0.3	15.8%
Net Income	**$ 72.8**	**$ 58.5**	**$ 14.3**	**24.4%**

$0.8 million increase in interest expenses was primarily due to higher borrowings.

$2.2 million improvement in other income. This includes a $3.9 million increase in the value of deferred shares held in trust for non-employee directors deferred compensation, partly offset by $1.8 million increase in other pension expense, both of which are offset in OG&A expenses with no impact to net income. Higher capitalization of AFUDC also contributed to the increase.

$0.3 million decrease in income tax expense due to a higher flow through adjustments to income taxes partly offset by higher pretax income.

NorthWestern Energy
Delivering a Bright Future

Balance Sheet

(dollars in millions)	Period Ended March 31, 2019	Period Ended December 31, 2018
Cash and cash equivalents	$ 4.0	$ 7.9
Restricted cash	7.1	7.5
Accounts receivable, net	169.6	162.4
Inventories	47.6	50.8
Other current assets	59.9	49.2
Goodwill	357.6	357.6
PP&E and other non-current assets	5,054.9	5,009.1
Total Assets	**$ 5,700.7**	**$ 5,644.4**
Payables	81.5	87.0
Finance leases	2.3	2.3
Short-term borrowings	-	-
Other current liabilities	263.4	257.7
Long-term debt & capital leases	2,099.8	2,122.3
Other non-current liabilities	1,263.8	1,232.7
Shareholders' equity	1,989.8	1,942.4
Total Liabilities and Equity	**$ 5,700.7**	**$ 5,644.4**
Capitalization:		
Finance Leases	2.3	2.3
Long Term Debt & Finance Leases	2,099.8	2,122.3
Less: Basin Creek Finance Lease	(21.7)	(22.2)
Less: New Market Tax Credit Financing Debt	(27.0)	(27.0)
Shareholders' Equity	1,989.8	1,942.4
Total Capitalization	**$ 4,043.3**	**$ 4,017.7**
Ratio of Debt to Total Capitalization	**50.8%**	**51.7%**

Improvement in debt to capitalization ratio; which is now closer to bottom end of 50%-55% targeted range.

Debt to Total Capitalization was 52.0% at March 31, 2018

NorthWestern Energy
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Cash Flow

(dollars in millions)	Three Months Ending March 31, 2019	2018
Operating Activities		
Net Income	$ 72.8	$ 58.5
Non-Cash adjustments to net income	48.7	49.0
Changes in working capital	(6.5)	59.6
Other non-current assets & liabilities	(3.6)	6.0
Cash provided by Operating Activities	**111.4**	**173.0**
Investing Activities		
PP&E additions	(65.6)	(52.0)
Cash used in Investing Activities	**(65.6)**	**(52.0)**
Financing Activities		
Proceeds from issuance of common & treasury stock, net	0.8	1.6
Repayments of borrowings, net	(22.0)	(96.6)
Dividends on common stock	(28.8)	(26.9)
Financing costs	(0.1)	(0.2)
Cash used in Financing Activities	**(50.1)**	**(122.2)**
Decrease in Cash, Cash Equiv. & Restricted Cash	**(4.3)**	**(1.1)**
Beginning Cash, Cash Equiv. & Restricted Cash	15.3	12.0
Ending Cash, Cash Equiv. & Restricted Cash	**$ 11.0**	**$ 10.9**

Cash from operating activities decreased by $61.6 million primarily due to an increase in market purchases of supply resulting in an under collection of supply costs from customers in the current period, credits to Montana customers during the current period related to TCJA, and the receipt of insurance proceeds during the three months ended March 31, 2018.

NorthWestern Energy
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Adjusted Non-GAAP Earnings (First Quarter)

(in millions)	GAAP Three Months Ended March 31, 2019	Favorable Weather	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Non-employee Deferred Compensation	Non-GAAP Three Months Ended March 31, 2019	Non-GAAP Variance Variance $	%	Non-GAAP Three Months Ended March 31, 2018	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Favorable Weather	GAAP Three Months Ended March 31, 2018
Revenues	$384.2	(14.0)			$370.2	$33.5	9.9%	$336.7			(4.8)	$341.5
Cost of sales	115.7				115.7	19.6	20.4%	96.1				96.1
Gross Margin	**268.5**	**(14.0)**	**-**	**-**	**254.5**	**13.9**	**5.8%**	**240.6**	**-**	**-**	**(4.8)**	**245.4**
Op. Expenses												
OG&A	81.1		1.7	(2.2)	80.6	4.6	6.1%	76.0	1.7	-		74.3
Prop. & other taxes	44.8				44.8	2.0	4.7%	42.8				42.8
Depreciation	45.6				45.6	1.8	4.1%	43.8				43.8
Total Op. Exp.	**171.5**	**-**	**1.7**	**(2.2)**	**171.0**	**8.4**	**5.2%**	**162.6**	**1.7**	**-**	**-**	**160.9**
Op. Income	**97.0**	**(14.0)**	**(1.7)**	**2.2**	**83.5**	**5.5**	**7.1%**	**78.0**	**(1.7)**	**-**	**(4.8)**	**84.5**
Interest expense	(23.8)				(23.8)	(0.8)	-3.5%	(23.0)				(23.0)
Other (Exp.) Inc., net	1.1		1.7	(2.2)	0.6	-	0.0%	0.6	1.7	-		(1.1)
Pretax Income	**74.4**	**(14.0)**	**-**	**-**	**60.4**	**4.8**	**8.6%**	**55.6**	**-**	**-**	**(4.8)**	**60.4**
Income tax	(1.6)	3.5	-	-	1.9	2.6	379.2%	(0.7)	-	-	1.2	(1.9)
Net Income	**$72.8**	**(10.5)**	**-**	**-**	**$62.3**	**$7.4**	**13.5%**	**$54.9**	**-**	**-**	**(3.6)**	**$58.5**
ETR	2.2%	25.3%	-	-	-3.2%			1.2%	-	-	25.3%	3.1%
Diluted Shares	50.7				50.7	1.2	2.4%	49.5				49.5
Diluted EPS	**$1.44**	(0.21)	-	-	$1.23	$0.12	10.8%	$1.11	-	-	(0.07)	**$1.18**

The adjusted non-GAAP measures presented in the table above are being shown to reflect significant items that were not contemplated in our original guidance, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

(1) As a result of the adoption of Accounting Standard Update 2017-07 in March 2018, pension and other employee benefit expense is now disaggregated on the GAAP income statement with portions now recorded in both OG&A expense and Other (Expense) Income lines. To facilitate better understanding of trends in year-over-year comparisons, the non-GAAP adjustment above re-aggregates the expense in OG&A - as it was historically presented prior to the ASU 2017-07 (with no impact to net income or earnings per share).

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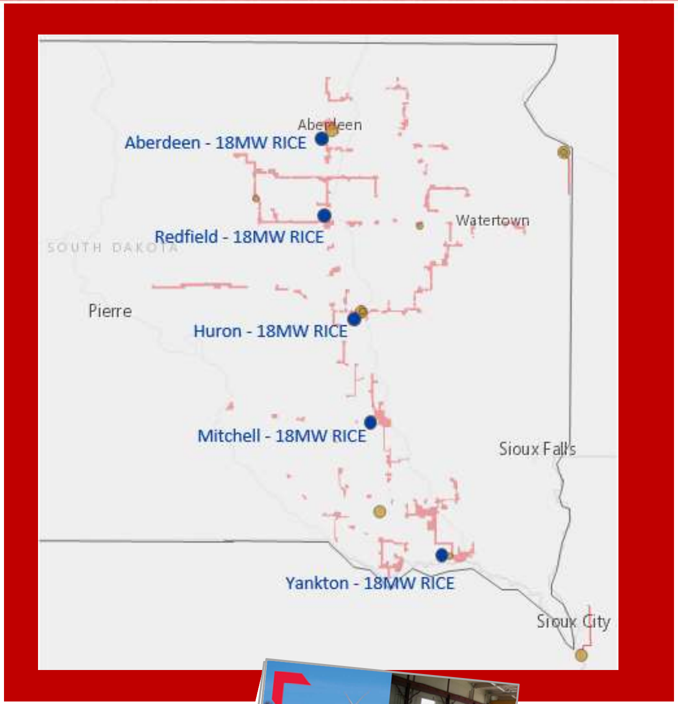
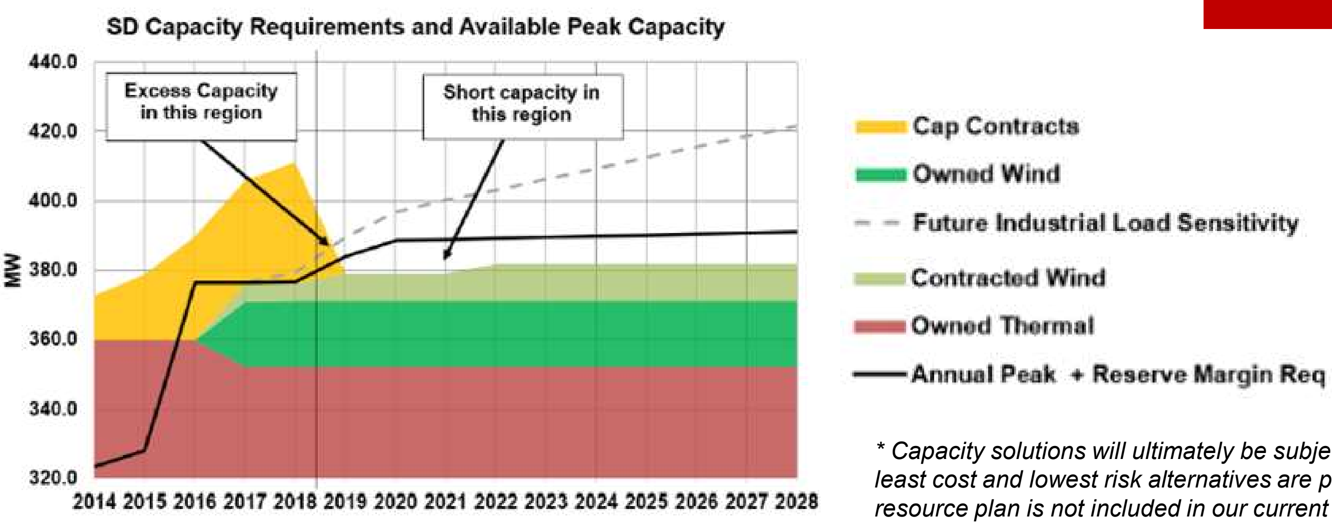
South Dakota Electric Supply Resource Plan

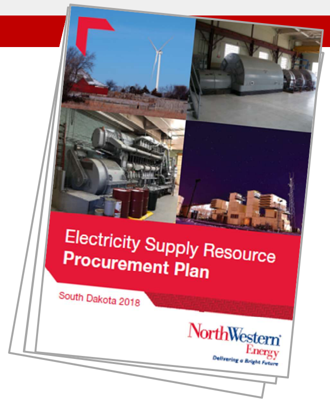
NorthWestern and HDR Engineering investigated various retirement & replacement scenarios* to assess potential for modernizing its generation fleet and improve reliability and operational flexibility.

A generally distributed generation solution is the best alternative to meet the Southwest Power Pool's 12% planning reserve margin and benefit the system through:

- Improved transmission reliability and lower system losses;
- Improved restoration times;
- Increased natural gas supply diversity;
- Additional localized ancillary services;
- Staged approach to incorporate new technologies, adjust to changing load centers and moderate customer rate impacts; and
- Broadened tax base and multiple economic development opportunities across several communities.



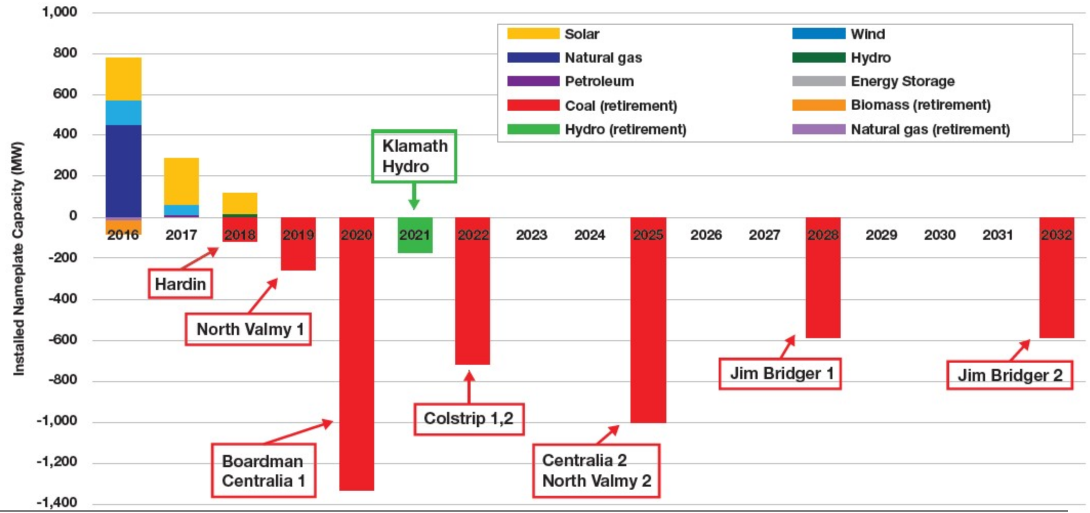


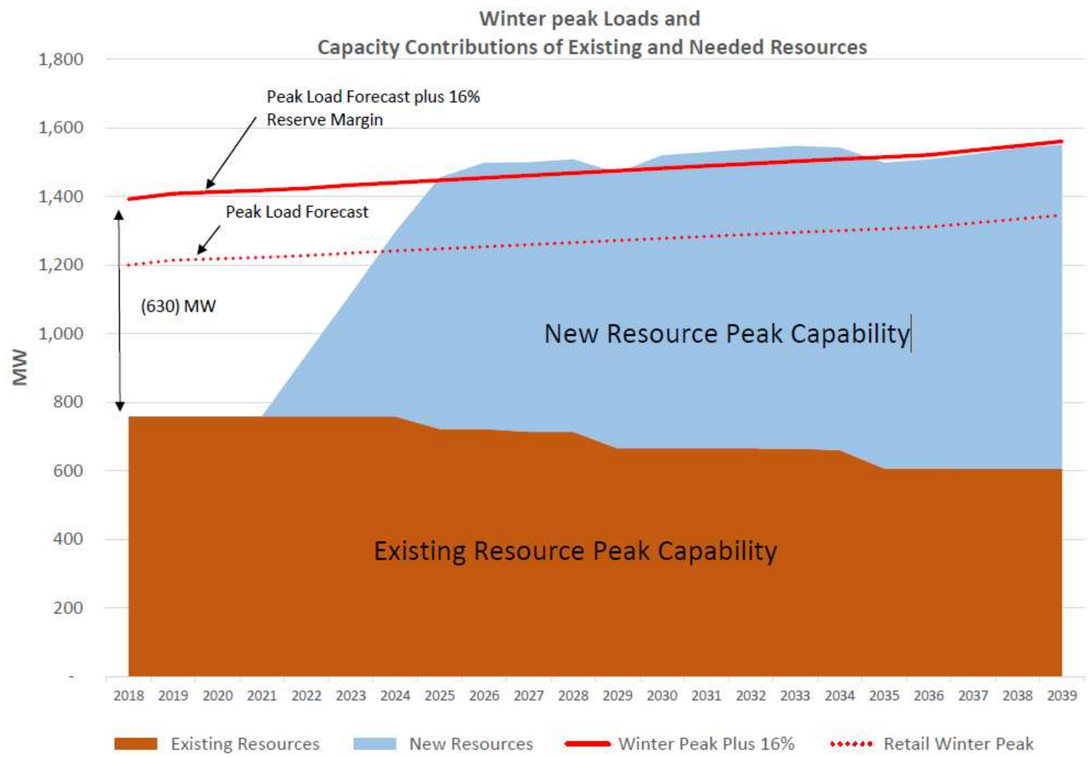


** Capacity solutions will ultimately be subject to a competitive solicitation process to ensure least cost and lowest risk alternatives are procured. Capital investment related to this resource plan is not included in our current 5 year capital estimates.*

Montana DRAFT Electricity Supply Plan

The total planned energy generation reductions in the Pacific Northwest region exceed 3,700 MWs through 2032. The Northwest Power and Conservation Council forecasts regional capacity shortfalls as early as 2021. NorthWestern Energy's continued reliance on the market to purchase energy to fill the gap during peak customer demand will significantly increase price and reliability risk to NorthWestern Energy's customers because of the reduced energy supply availability.





We are currently 630 MW short of our peak needs, which we procure in the market. We forecast that our energy portfolio will be 725 MW short by 2025 with a modest increase in customer demand.

We expect to solicit competitive all-source proposals in late 2019 for peaking capacity available by 2022. We expect the process will be repeated in subsequent years to provide a resource-adequate energy and capacity portfolio by 2025.

** Capacity solutions will ultimately be subject to a competitive solicitation process to ensure least cost and lowest risk alternatives are procured. Capital investment related to this resource plan is not included in our current 5 year capital estimates.*

NorthWestern Energy Profile

Jurisdiction and Service	Implementation Date	Authorized Rate Base (millions) (1)	Estimated Rate Base (millions) (2)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Equity Level
Montana electric delivery (3)	July 2011	$ 632.5	$ 1,233.0	7.92%	10.25%	48.00%
Montana - DGGS (3)	January 2011	$ 172.7	$ 167.8	8.16%	10.25%	50.00%
Montana - Colstrip Unit 4	January 2009	$ 400.4	$ 280.4	8.25%	10.00%	50.00%
Montana - Spion Kop	December 2012	$ 69.8	$ 54.1	7.00%	10.00%	48.00%
Montana hydro assets	November 2014	$ 841.8	$ 777.4	6.91%	9.80%	48.00%
Montana natural gas delivery & production	September 2017	$ 430.2	$ 451.4	6.96%	9.55%	46.79%
Total Montana		$ 2,547.4	$ 2,964.1			
South Dakota electric (4)	December 2015	$ 557.3	$ 587.8	7.24%	n/a	n/a
South Dakota natural gas (4)	December 2011	$ 65.9	$ 61.6	7.80%	n/a	n/a
Total South Dakota		$ 623.2	$ 649.4			
Nebraska natural gas (4)	December 2007	$ 24.3	$ 26.5	8.49%	10.40%	n/a
		$ 3,194.9	$ 3,640.0			

(1) Rate base reflects amounts on which we are authorized to earn a return.

(2) Rate base amounts are estimates as of December 31, 2018

(3) The revenue requirement associated with the FERC regulated portion of Montana electric transmission and DGGS are included as revenue credits to our MPSC jurisdictional customers. Therefore, we do not separately reflect FERC authorized rate base or authorized returns.

(4) For those items marked as "n/a" the respective settlement and/or order was not specific as to these terms.

Note:
Data as reported in our 2018 10-K
September 2018 Montana electric rate review, filed with rate base of $2.34 billion, calculated with 13th month average and known and measurable adjustments.

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2018 System Statistics

Owned Energy Supply

Electric (MW)	MT	SD	Total
Base load coal	222	210	432
Wind	40	80	120
Hydro	448	-	448
Other resources(2)	150	150	300
	860	440	1,300

Natural Gas (Bcf)	MT	SD	Total
Proven reserves	51.7	-	51.7
Annual production	4.1	-	4.1
Storage	17.8	-	17.8

Transmission

Trans for Others	MT	SD	Total
Electric (GWh)	12,258	20	12,278
Natural Gas (Bcf)	23.7	31.8	55.5

System (miles)	MT	SD	Total
Electric	6,872	1,350	8,222
Natural gas	2,100	55	2,155
	8,972	1,405	10,377

Distribution

Demand	MT	SD / NE(1)	Total
Daily MWs	760	200	960
Peak MWs	1,200	330	1,530
Annual GWhs	6,700	1,750	8,450
Annual Bcf	21.4	11.5	33.0

Customers	MT	SD / NE	Total
Electric	374,000	63,800	437,800
Natural gas	199,200	89,400	288,600
	573,200	153,200	726,400

System (miles)	MT	SD / NE	Total
Electric	17,895	2,222	20,117
Natural gas	4,781	2,437	7,218
	22,676	4,659	27,335

Note: Statistics above are as of 12/31/2018

(1) Nebraska is a natural gas only jurisdiction

(2) Dave Gates Generating Station (DGGS) in Montana is a 150 MW nameplate facility but consider it a 105 MW (60 MW FERC & 45MW MPSC jurisdictions) peaker

NorthWestern Energy
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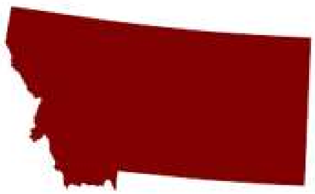
Our Commissioners

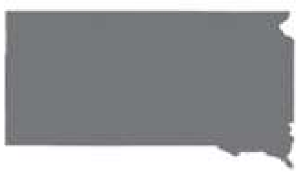
Montana Public Service Commission



Name	Party	Began Serving	Term Ends
Roger Koopman	R	Jan-13	Jan-21
Brad Johnson (Chairperson)	R	Jan-15	Jan-23
Bob Lake (Vice Chairperson)	R	Jan-13	Jan-21
Tony O'Donnell	R	Jan-17	Jan-21
Randy Pinocci	R	Jan-19	Jan-23

Commissioners are elected in statewide elections from each of five districts. Chairperson is elected by fellow Commissioners. Commissioner term is four years, Chairperson term is two years.

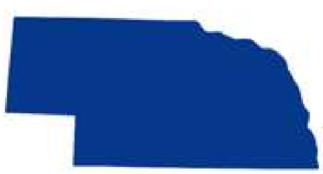
South Dakota Public Utilities Commission



Name	Party	Began Serving	Term Ends
Kristie Fiegen	R	Aug-11	Jan-25
Gary Hanson (Chairperson)	R	Jan-03	Jan-21
Chris Nelson (Vice Chairperson)	R	Jan-11	Jan-23

Commissioners are elected in statewide elections. Chairperson is elected by fellow Commissioners. Commissioner term is six years, Chairperson term is one year.

Nebraska Public Service Commission



Name	Party	Began Serving	Term Ends
Rod Johnson (Vice Chairperson)	R	Jan-93	Jan-23
Crystal Rhoades	D	Jan-15	Jan-21
Mary Ridder (Chairperson)	R	Jan-17	Jan-23
Tim Schram	R	Jan-07	Jan-25
Dan Watermeier	R	Jan-19	Jan-25

Commissioners are elected in statewide elections. Chairperson is elected by fellow Commissioners. Commissioner term is six years, Chairperson term is one year.

Non-GAAP Financial Measures (1 of 3)

Use of Non-GAAP Financial Measures - Reconcile to Non-GAAP diluted EPS

Pre-Tax Adjustments ($ Millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reported GAAP Pre-Tax Income	$ 107.8	$ 88.7	$ 103.1	$ 102.6	$ 116.5	$ 108.3	$ 110.4	$ 181.2	$ 156.5	$ 176.1	$ 178.3
Non-GAAP Adjustments to Pre-Tax Income:											
Weather	-	-	3.5	(3.0)	8.4	(3.7)	(1.3)	13.2	15.2	(3.4)	(1.3)
Release of MPSC DGGS deferral	-	-	-	-	(3.0)	-	-	-	-	-	-
Lost revenue recovery related to prior periods	-	-	-	-	(3.0)	(1.0)	-	-	(14.2)	-	-
DGGS FERC ALJ initial decision - portion related to 2011	-	-	-	-	7.2	-	-	-	-	-	-
MSTI Impairment	-	-	-	-	24.1	-	-	-	-	-	-
Favorable CELP arbitration decision	-	-	-	-	(47.5)	-	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	-	-	-	6.3	15.4	-	-	-	-
Exclude unplanned hydro earnings	-	-	-	-	-	-	(8.7)	-	-	-	-
Remove benefit of insurance settlement	(8.1)	-	(4.7)	-	-	-	-	(20.8)	-	-	-
QF liability adjustment	-	-	-	-	-	-	-	6.1	-	-	(17.5)
Electric tracker disallowance of prior period costs	-	-	-	-	-	-	-	-	12.2	-	-
Transmission impacts (unfavorable hydro conditions)	-	-	-	3.0	-	-	-	-	-	-	-
Settlement of Workers Compensation Claim	-	-	-	3.0	-	-	-	-	-	-	-
Remove Montana Rate Adjustments not included in guidance	-	-	(2.9)								-
Increased pension expense	8.7	-	-	-	-	-	-	-	-	-	-
Transaction costs related to Colstrip Unit 4 sales process	3.1	-	-								-
Income tax adjustment	-	-	-	(10.1)	(3.6)	-		-		-	9.4
Unplanned Equity Dilution from Hydro transaction											-
Adjusted Non-GAAP Pre-Tax Income	$ 111.5	$ 88.7	$ 99.0	$ 95.5	$ 99.1	$ 109.8	$ 115.8	$ 179.7	$ 169.7	$ 172.7	$ 168.9

Tax Adjustments to Non-GAAP Items ($ Millior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GAAP Net Income	$ 67.6	$ 73.4	$ 77.4	$ 92.6	$ 98.4	$ 94.0	$ 120.7	$ 151.2	$ 164.2	$ 162.7	$ 197.0
Non-GAAP Adjustments Taxed at 38.5%:											
Weather	-	-	2.2	(1.8)	5.2	(2.3)	(0.8)	8.1	9.3	(2.1)	(1.0)
Release of MPSC DGGS deferral	-	-	-	-	(1.9)	-	-	-	-	-	-
Lost revenue recovery related to prior periods	-	-	-	-	(1.9)	(0.6)	-	-	(8.7)	-	-
DGGS FERC ALJ initial decision - portion related to 2011	-	-	-	-	4.4	-	-	-	-	-	-
MSTI Impairment	-	-	-	-	14.8	-	-	-	-	-	-
Favorable CELP arbitration decision	-	-	-	-	(29.2)	-	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	-	-	-	3.9	9.5	-	-	-	-
Exclude unplanned hydro earnings	-	-	-	-	-	-	(5.4)	-	-	-	-
Remove benefit of insurance settlement	(5.0)	-	(2.9)	-	-	-	-	(12.8)	-	-	-
QF liability adjustment	-	-	-	-	-	-	-	3.8	-	-	(13.1)
Electric tracker disallowance of prior period costs	-	-	-	-	-	-	-	-	7.5	-	-
Transmission impacts (unfavorable hydro conditions)	-	-	-	1.8	-	-	-	-	-	-	-
Settlement of Workers Compensation Claim	-	-	-	1.8	-	-	-	-	-	-	-
Remove Montana Rate Adjustments not included in guidance	-	-	(1.8)	-	-	-	-	-	-	-	-
Increased pension expense	5.4	-	-	-	-	-	-	-	-	-	-
Transaction costs related to Colstrip Unit 4 sales process	1.9	-	-	-	-	-	-	-	-	-	-
Income tax adjustment	-	-	-	(6.2)	(2.2)	-	(18.5)	-	(12.5)	-	(12.8)
Unplanned Equity Dilution from Hydro transaction											
Non-GAAP Net Income	$ 69.9	$ 73.4	$ 74.9	$ 88.2	$ 87.7	$ 94.9	$ 105.5	$ 150.3	$ 159.8	$ 160.6	$ 170.1

Non-GAAP Diluted Earnings Per Share	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Diluted Average Shares (Millions)	*36.3*	*36.2*	*36.5*	*37.0*	*38.2*	*40.4*	*47.6*	*48.5*	*48.7*	*50.2*
Reported GAAP Diluted earnings per share	$ 2.02	$ 2.14	$ 2.53	$ 2.66	$ 2.46	$ 2.99	$ 3.17	$ 3.39	$ 3.34	$ 3.92
Non-GAAP Adjustments:										
Weather	-	0.06	(0.05)	0.14	(0.05)	(0.02)	0.17	0.19	(0.04)	(0.02)
Release of MPSC DGGS deferral	-	-	-	(0.05)	-	-	-	-	-	-
Lost revenue recovery related to prior periods	-	-	-	(0.05)	(0.02)	-	-	(0.18)	-	-
DGGS FERC ALJ initial decision - portion related to 2011	-	-	-	0.12	-	-	-	-	-	-
MSTI Impairment	-	-	-	0.40	-	-	-	-	-	-
Favorable CELP arbitration decision	-	-	-	(0.79)	-	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	-	-	0.11	0.24	-	-	-	-
Exclude unplanned hydro earnings	-	-	-	-	-	(0.14)	-	-	-	-
Remove benefit of insurance settlements & recoveries	-	(0.08)	-	-	-	-	(0.27)	-	-	-
QF liability adjustment	-	-	-	-	-	-	0.08	-	-	(0.26)
Electric tracker disallowance of prior period costs	-	-	-	-	-	-	-	0.16	-	-
Transmission impacts (unfavorable hydro conditions)	-	-	0.05	-	-	-	-	-	-	-
Settlement of Workers Compensation Claim	-	-	0.05	-	-	-	-	-	-	-
Remove Montana rate adjustments not included in guidance	-	(0.05)	-	-	-	-	-	-	-	-
Increased pension expense	-	-	-	-	-	-	-	-	-	-
Transaction costs related to Colstrip Unit 4 sales process	-	-	-	-	-	-	-	-	-	-
Income tax adjustment	-	-	(0.17)	(0.06)	-	(0.47)	-	(0.26)	-	(0.25)
Unplanned Equity Dilution from Hydro transaction	-	-	-	-	-	0.08	-	-	-	-
Non-GAAP Diluted Earnings Per Share	$ 2.02	$ 2.07	$ 2.41	$ 2.37	$ 2.50	$ 2.68	$ 3.15	$ 3.30	$ 3.30	$ 3.39

These materials include financial information prepared in accordance with GAAP, as well as other financial measures, such as Gross Margin and Adjusted Diluted EPS, that are considered “non-GAAP financial measures.” Generally, a non-GAAP financial measure is a numerical measure of a company's financial performance, financial position or cash flows that exclude (or include) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Gross Margin (Revenues less Cost of Sales) is a non-GAAP financial measure due to the exclusion of depreciation from the measure. Gross Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs. Adjusted Diluted EPS is another non-GAAP measure. The Company believes the presentation of Adjusted Diluted EPS is more representative of our normal earnings than the GAAP EPS due to the exclusion (or inclusion) of certain impacts that are not reflective of ongoing earnings.

The presentation of these non-GAAP measures is intended to supplement investors' understanding of our financial performance and not to replace other GAAP measures as an indicator of actual operating performance. Our measures may not be comparable to other companies' similarly titled measures.

Non-GAAP Financial Measures (2 of 3)

Use of Non-GAAP Financial Measures - Dividend Payout Ratio to GAAP and Non-GAAP diluted EPS

(per share)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dividend per Share	$ 1.34	$ 1.36	$ 1.44	$ 1.48	$ 1.52	$ 1.60	$ 1.92	$ 2.00	$ 2.10	$ 2.20
Reported GAAP diluted EPS	$ 2.02	$ 2.14	$ 2.53	$ 2.66	$ 2.46	$ 2.99	$ 3.17	$ 3.39	$ 3.34	$ 3.92
Dividend Payout Ratio - GAAP diluted EPS	66%	64%	57%	56%	62%	54%	61%	59%	63%	56%
Reported Non-GAAP diluted EPS	$ 2.02	$ 2.07	$ 2.41	$ 2.37	$ 2.50	$ 2.68	$ 3.15	$ 3.30	$ 3.30	$ 3.39
Dividend Payout Ratio - Non-GAAP diluted EPS	66%	66%	60%	62%	61%	60%	61%	61%	64%	65%

Use of Non-GAAP Financial Measures - Return on Average Equity for GAAP and Non-GAAP Earnings

(per share)	2011	2012	2013	2014	2015	2016	2017	2018
GAAP Net Income ($M's)	$92.6	$98.4	$94.0	$120.7	$151.2	$164.2	$162.7	$197.0
Average Quarterly Equity ($M's)	$842.8	$895.9	$991.1	$1,119.3	$1,520.2	$1,632.3	$1,720.4	$1,875.7
Return On Average Equity (ROAE) - GAAP Earnings	11.0%	11.0%	9.5%	10.8%	9.9%	10.1%	9.5%	10.5%
Reported Non-GAAP diluted EPS	$2.41	$2.37	$2.50	$2.68	$3.15	$3.30	$3.30	$3.39
Average Diluted Shares (M)	36.5	37.0	38.2	39.3	47.6	48.4	48.7	50.0
Calculated Non-GAAP Adjusted Net Imcome ($M's)	$88.2	$87.7	$94.9	$105.5	$150.3	$159.8	$160.6	$170.1
Return on Average Equity (ROAE) - Non-GAAP Earnings	10.5%	9.8%	9.6%	9.4%	9.9%	9.8%	9.3%	9.1%

Net Operating Losses (NOL's):

The expected tax rate and the expected availability of NOLs are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of our most recent 10-K filed with the SEC.

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Non-GAAP Financial Measures (3 of 3)

Use of Non-GAAP Financial Measures - Free Cash Flow - 2011 to 2018

(in millions)	2011	2012	2013	2014	2015	2016	2017	2018
Total Capital Spending	$ 188.7	$ 322.5	$ 299.1	$ 1,174.0	$ 430.4	$ 287.9	$ 276.4	$ 305.0
Less: Infrastructure Programs (DSIP/TSIP)	(15.2)	(18.7)	(47.4)	(52.0)	(51.6)	(47.8)	(37.3)	-
Less: Investment Growth	(43.9)	(170.5)	(126.6)	(964.2)	(195.9)	(7.5)	(3.9)	(21.0)
Maintenance Capex	$ 129.7	$ 133.2	$ 125.2	$ 157.8	$ 182.9	$ 232.6	$ 235.3	$ 284.0
Free Cash Flow								
Cash Flow from Operations	$ 233.8	$ 251.2	$ 193.7	$ 250.0	$ 339.8	$ 286.8	$ 322.7	$ 382.0
Less: Maintenance Capex	(129.7)	(133.2)	(125.2)	(157.8)	(182.9)	(232.6)	(235.3)	(284.0)
Less: Dividends	(51.9)	(54.2)	(57.7)	(65.0)	(90.1)	(95.8)	(101.3)	(109.2)
Free Cash Flow	**$ 52.2**	**$ 63.7**	**$ 10.9**	**$ 27.2**	**$ 66.9**	**$ (41.5)**	**$ (13.8)**	**$ (11.2)**

Use of Non-GAAP Financial Measures - Gross Margin Three Months Ending March 31, 2019

(in millions)	Electric	Gas	Other	Total
Operating Revenues	$ 273.0	$ 111.2	$ -	$ 384.2
Cost of Sales	77.0	38.7	-	115.7
Gross Margin	**$ 196.0**	**$ 72.4**	**$ -**	**$ 268.5**

Use of Non-GAAP Financial Measures - Gross Margin - Three Months Ending March 31, 2019

(in millions)	Montana	South Dakota	Nebraska	Total
Operating Revenues	$ 305.4	$ 66.8	$ 13.7	$ 386.0
Cost of Sales	78.8	29.2	9.5	117.5
Gross Margin	**$ 226.6**	**$ 37.6**	**$ 4.3**	**$ 268.5**

The data presented in this presentation includes financial information prepared in accordance with GAAP, as well as other Non-GAAP financial measures such as Gross Margin (Revenues less Cost of Sales), Free Cash Flows (Cash flows from operations less maintenance capex and dividends) and Net Debt (Total debt less capital leases), that are considered "Non-GAAP financial measures." Generally, a Non-GAAP financial measure is a numerical measure of a company's financial performance, financial position or cash flows that exclude (or include) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. The presentation of Gross Margin, Free Cash Flows and Net Debt is intended to supplement investors' understanding of our operating performance. Gross Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs. Net Debt is used by our company to determine whether we are properly levered to our Total Capitalization (Net Debt plus Equity). Our Gross Margin, Free Cash Flows and Net Debt measures may not be comparable to other companies' similarly labeled measures. Furthermore, these measures are not intended to replace measures as determined in accordance with GAAP as an indicator of operating performance.

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