Barclays Energy – Power Conference

September 4-5, 2019

8-K September 4, 2019

NorthWestern Energy

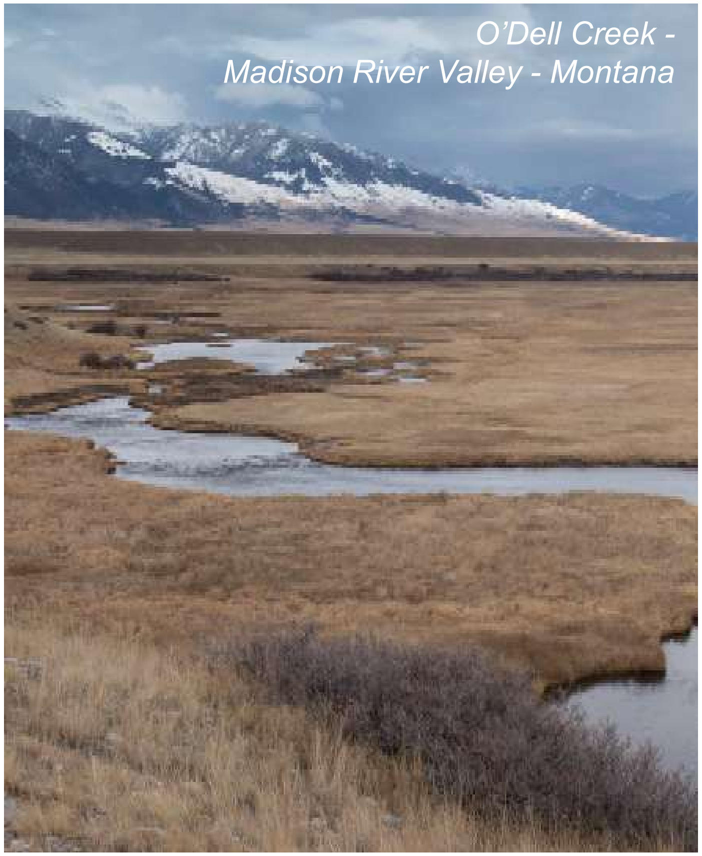
Delivering a Bright Future

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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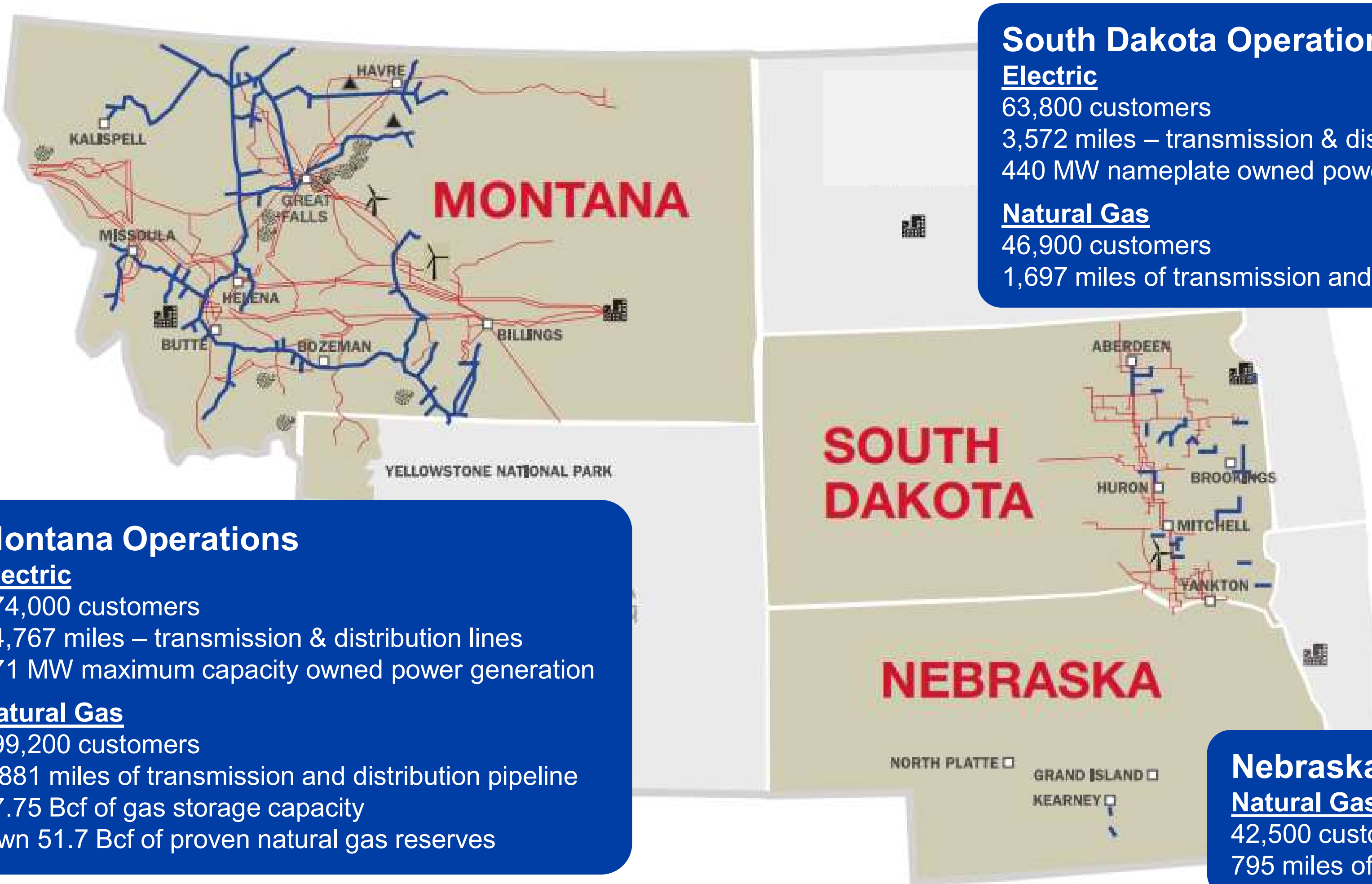
About NorthWestern



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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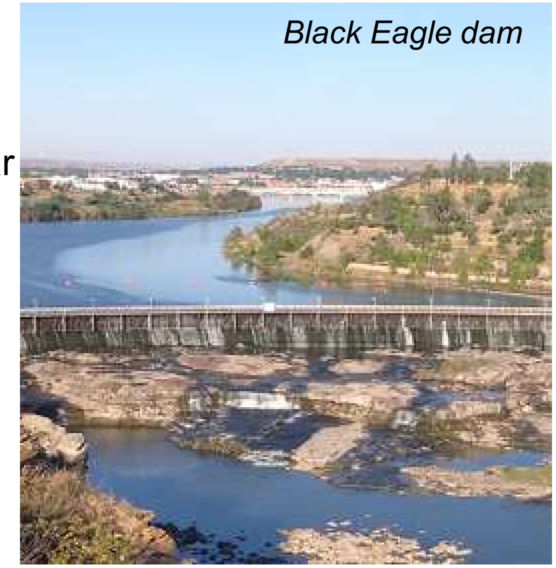
NWE - An Investment for the Long Term


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

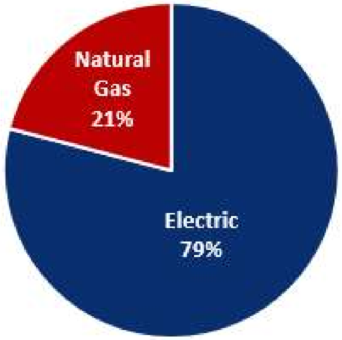
Forbes | 2013 America's Most Trustworthy Companies

Corporate Governance Awards 2014 Corporate Secretary Winner

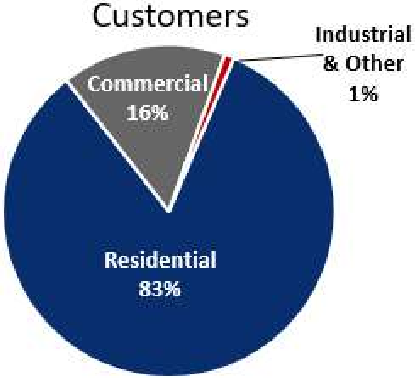
corpedia Ethics. Elevated.

A Diversified Electric and Gas Utility

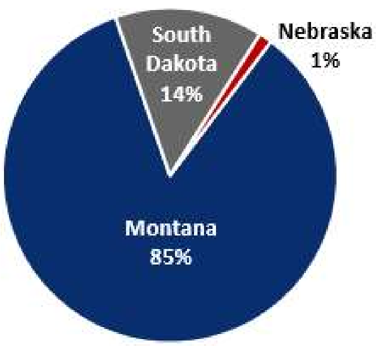
Gross Margin (1)



Customers

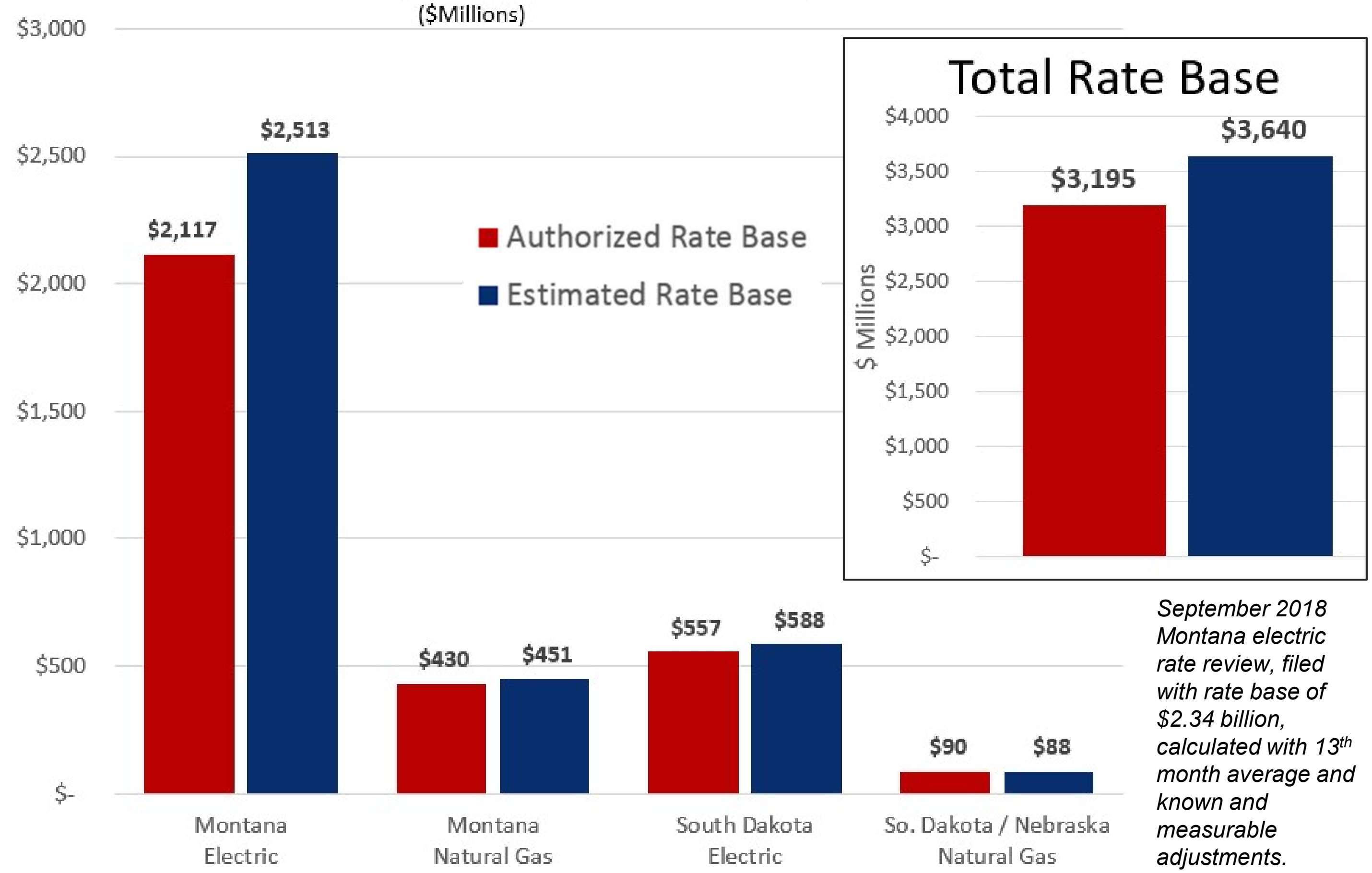


Gross Margin (1)



Data as reported in our 2018 10-K

Rate Base by Service Territory



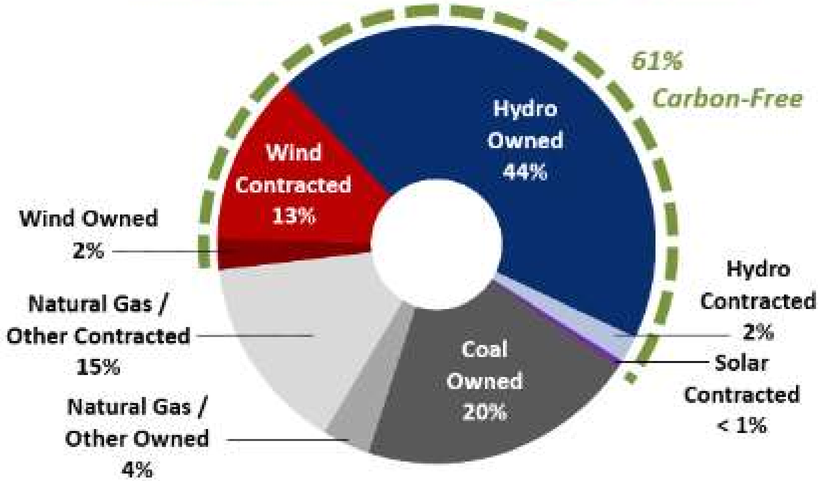
September 2018 Montana electric rate review, filed with rate base of $2.34 billion, calculated with 13th month average and known and measurable adjustments.

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.

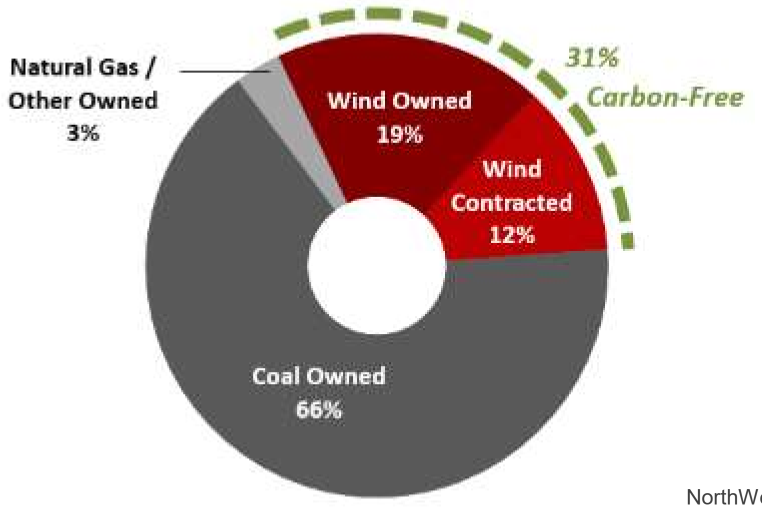
Highly Carbon-Free Supply Portfolio

Montana 2018 Electric Generation Portfolio



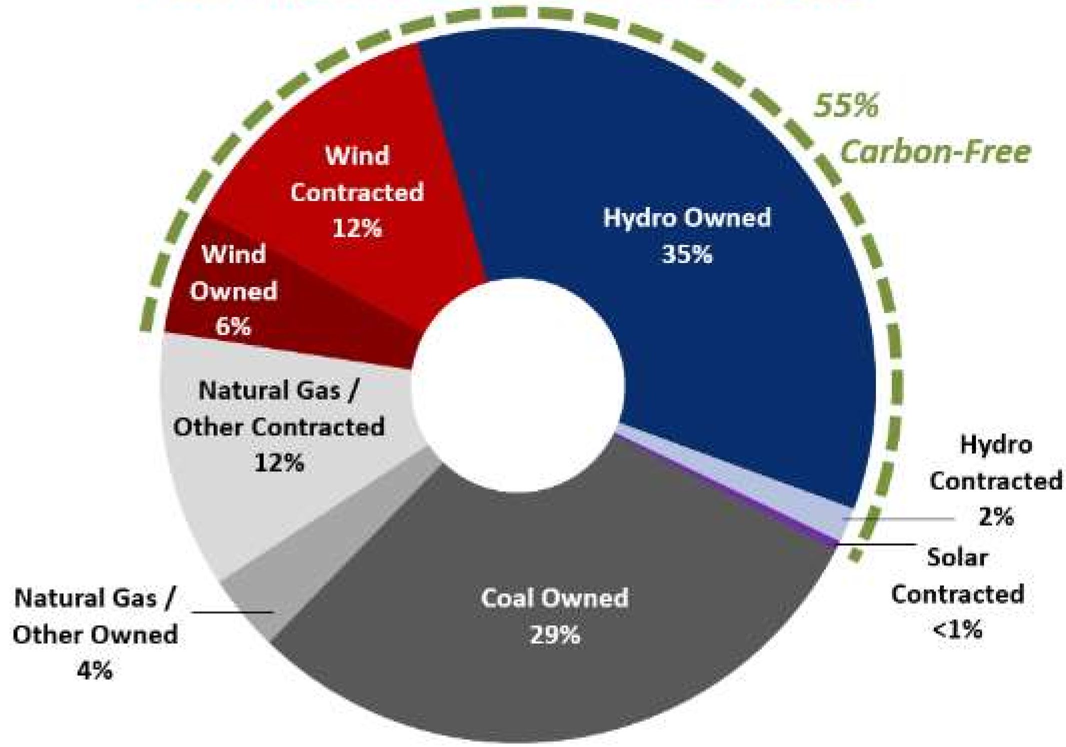
Based on MWH of owned & long-term contracted resources

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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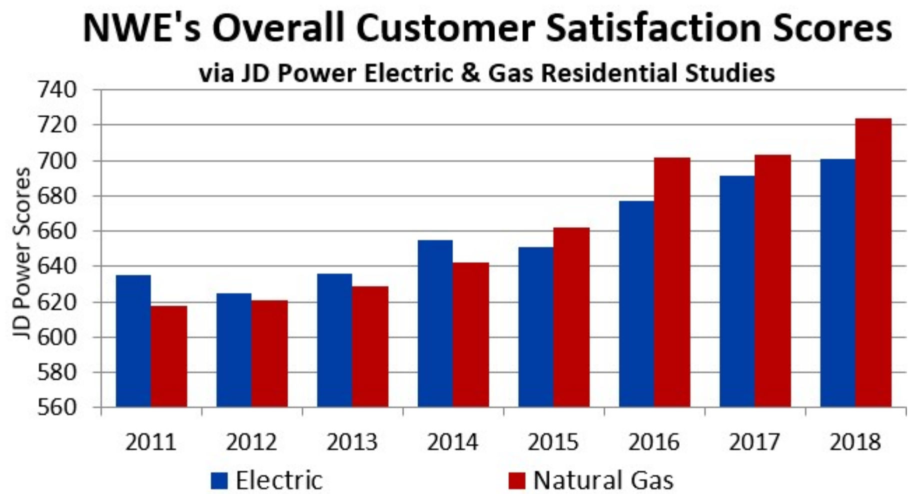
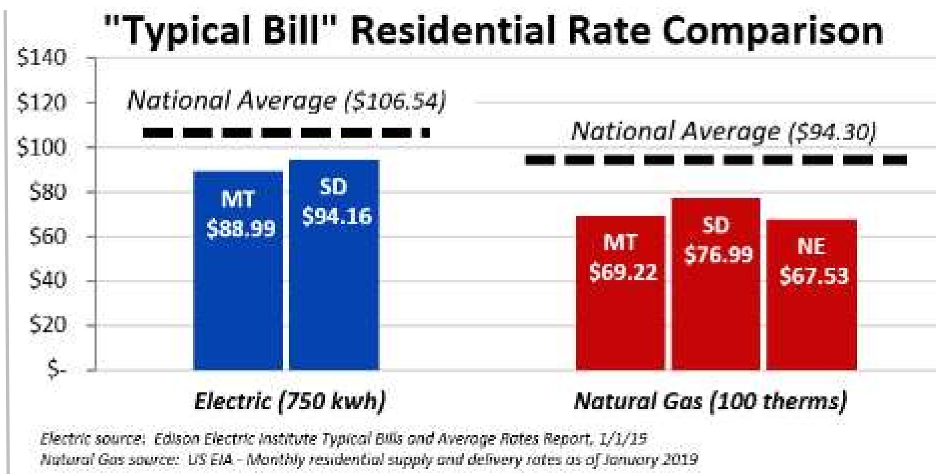
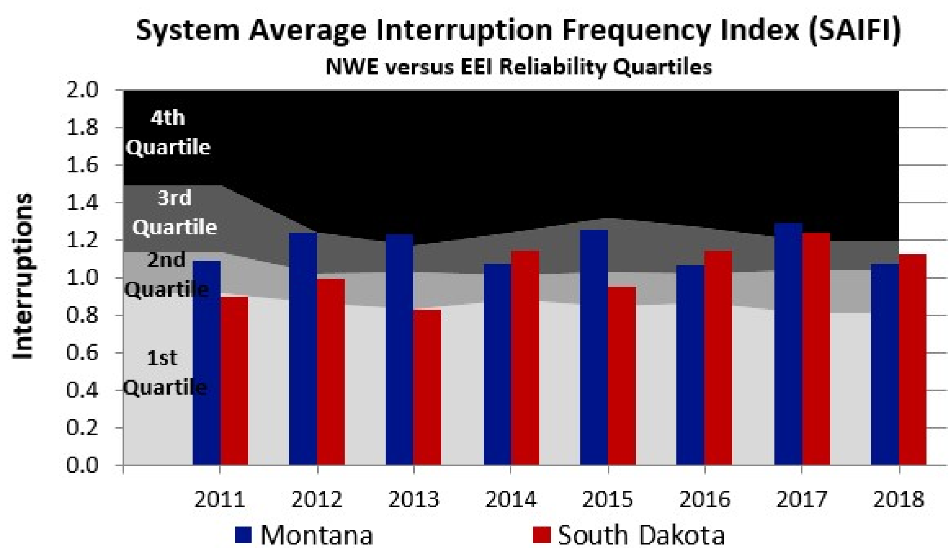
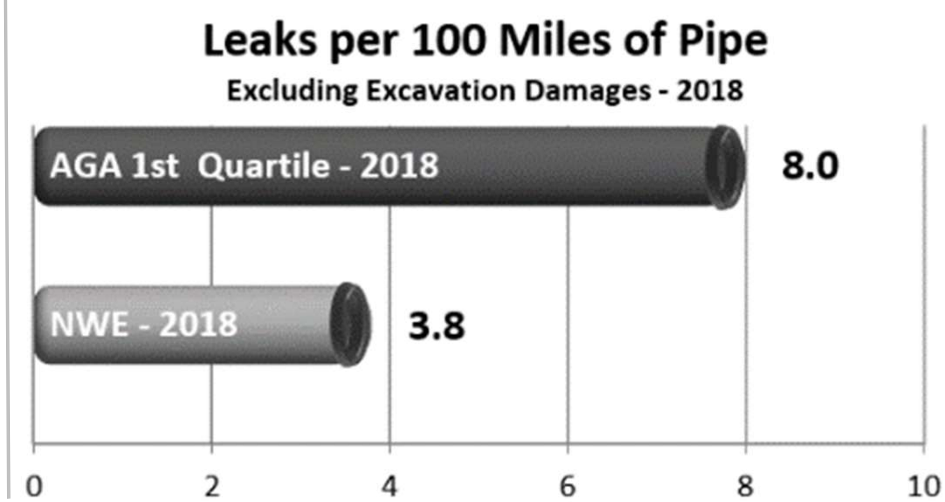
Strong Utility Foundation









- 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

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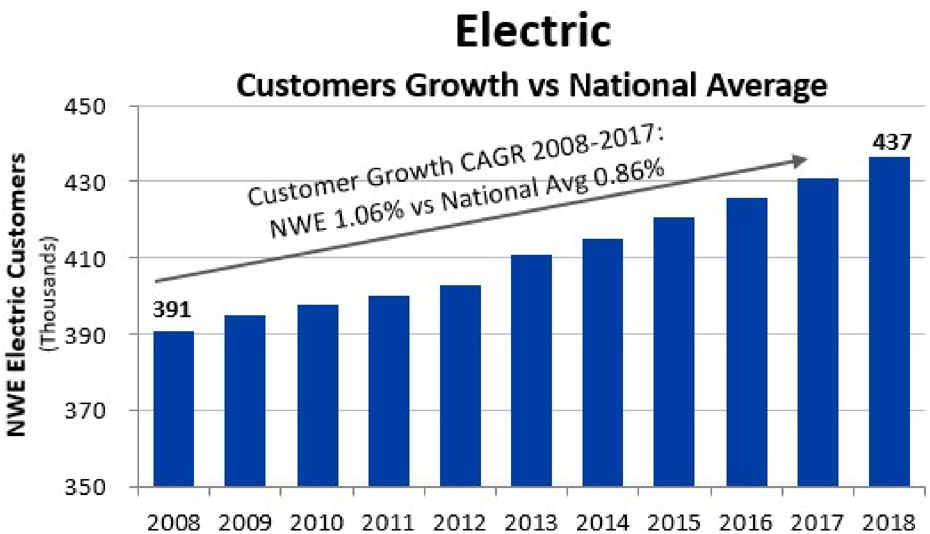
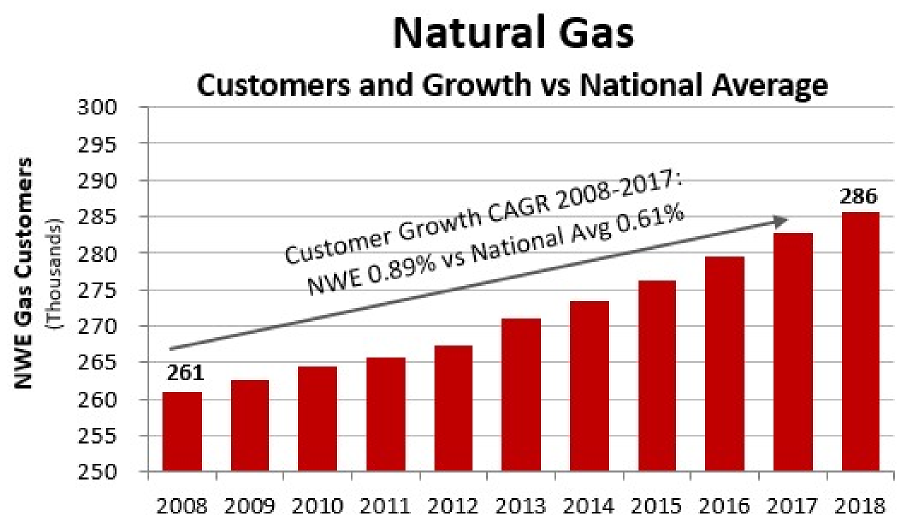
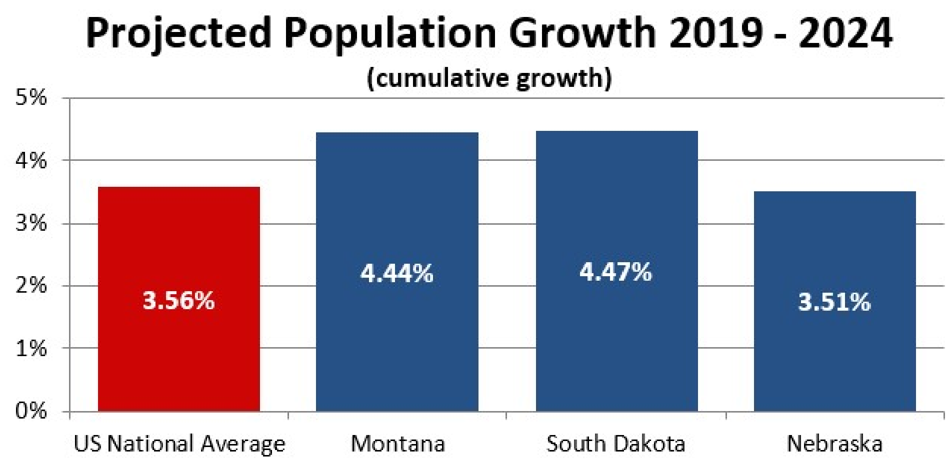
Solid Economic Indicators





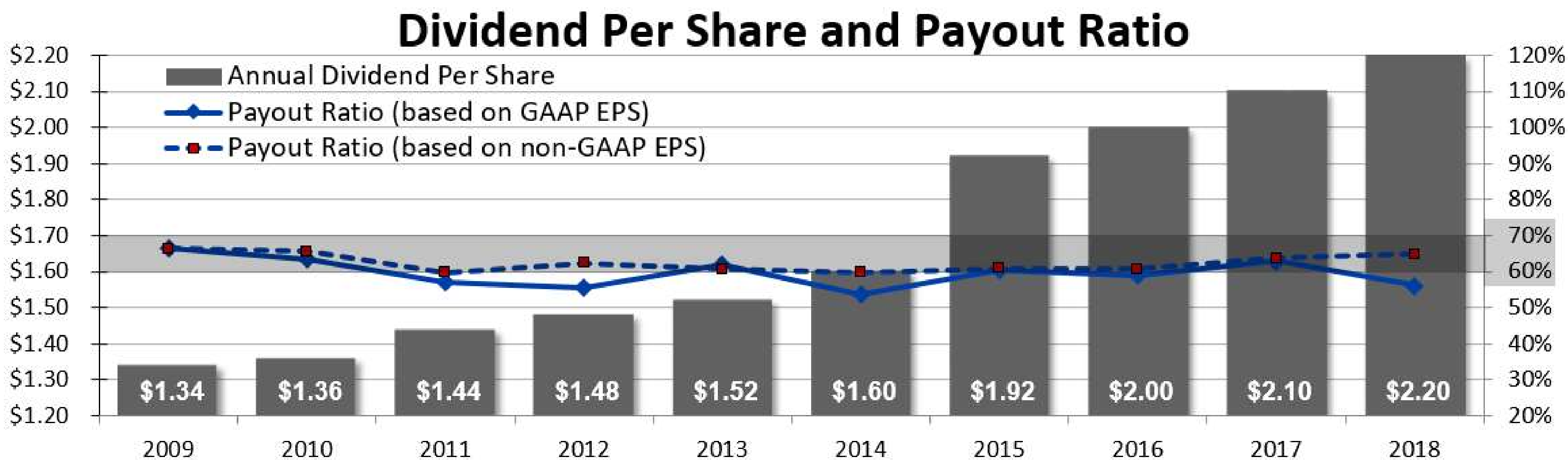
Source: Company 10K's, 2017/201 EEI Statistical Yearbook – Table 7.2 and EIA.gov



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

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

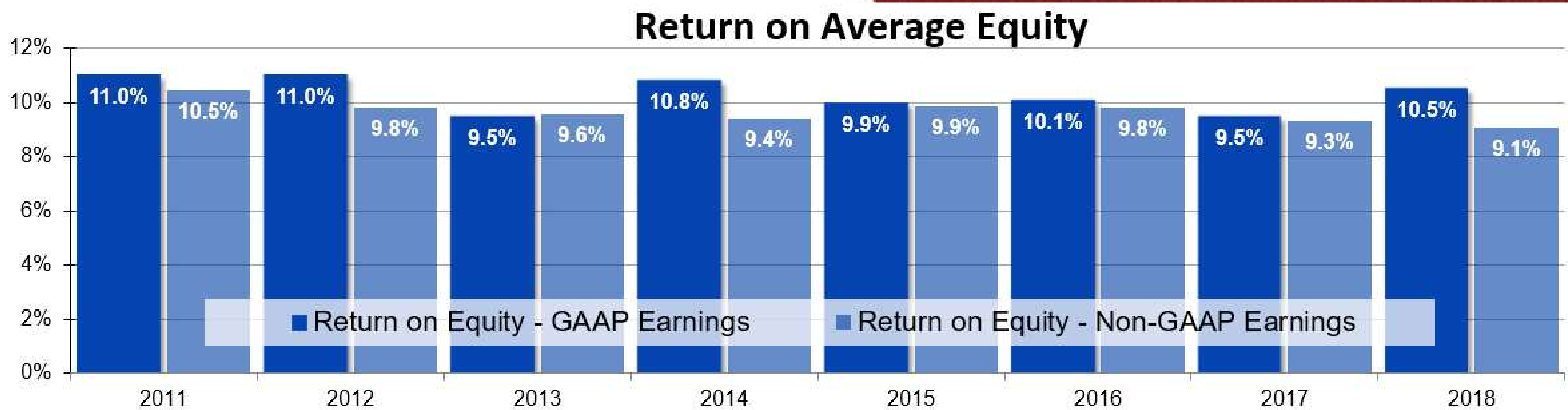
A History of Growth

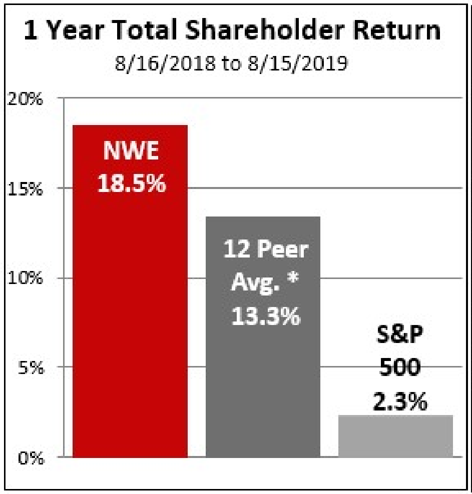


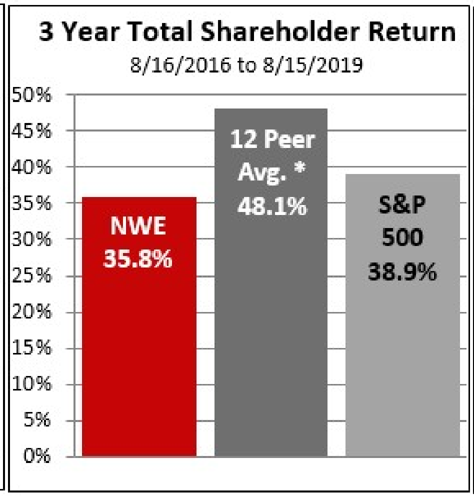
2009-2018 CAGR's: GAAP EPS: 7.6% - Non-GAAP EPS: 5.9% - Dividend: 5.7%

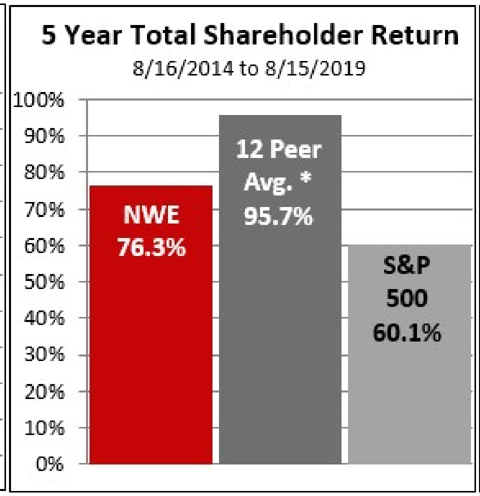
See appendix for "Non-GAAP Financial Measures"

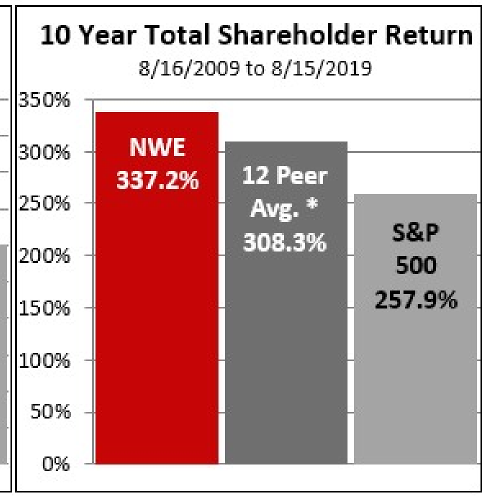
Track Record of Delivering Results









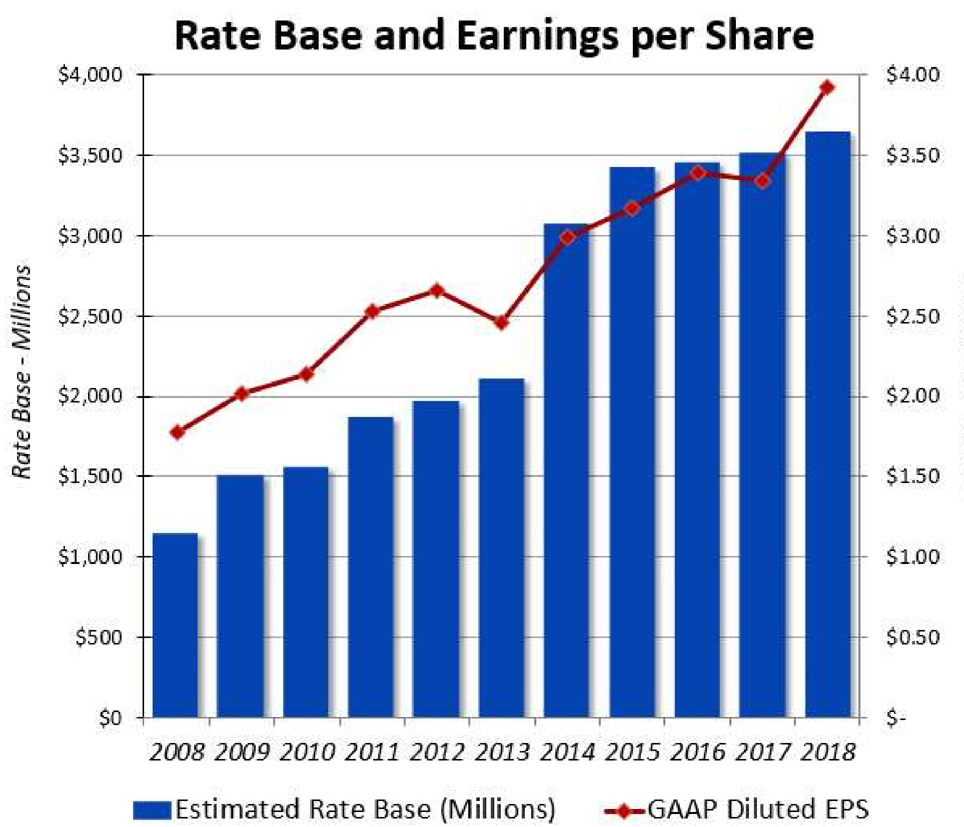


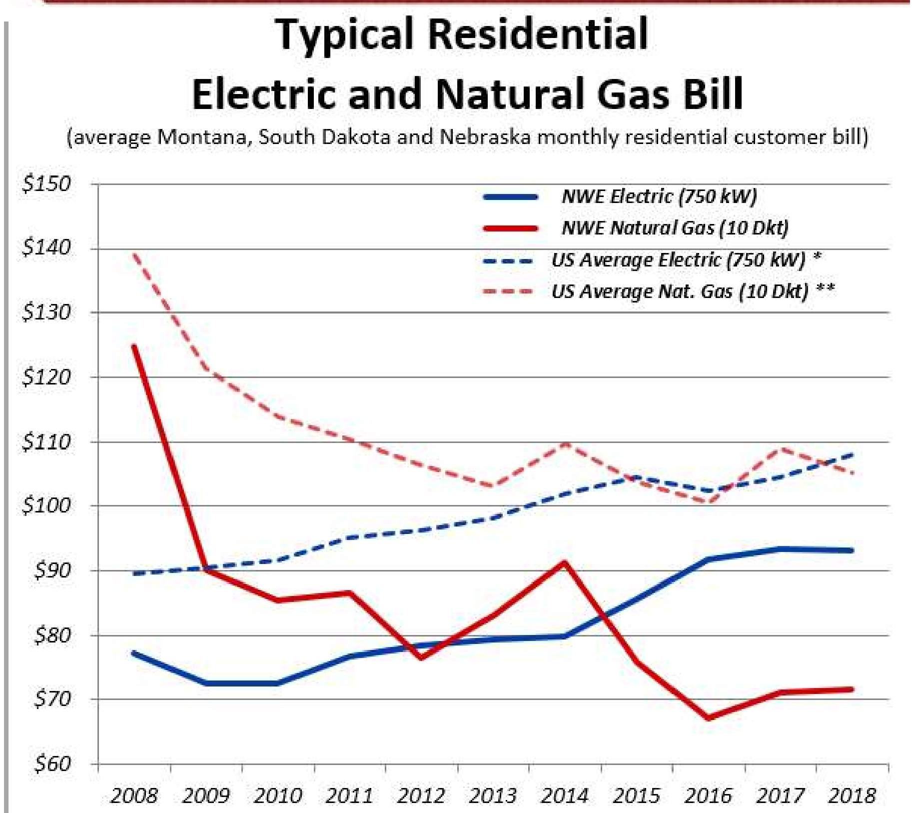
* *Peer Group: ALE, AVA, BKH, EE, IDA, MGEE, NWN, OGE, OTTR, PNM, POR & SR*

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%)**

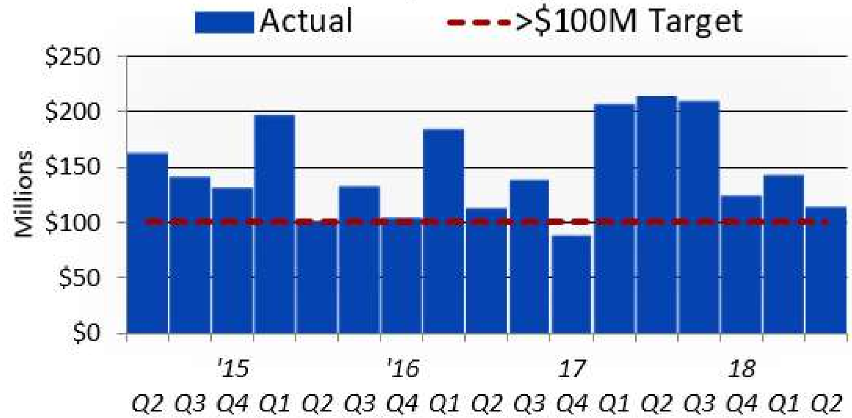
Balance Sheet Strength and Liquidity

Credit Ratings

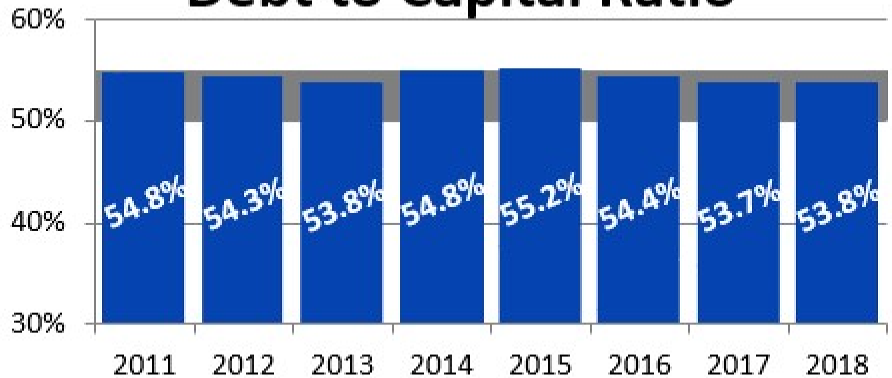
	Fitch	Moody's	S&P
Senior Secured Rating	A	A3	A-
Senior Unsecured Rating	A-	Baa2	BBB
Commerical Paper	F2	Prime-2	A-2
Outlook	Negative	Stable	Stable

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

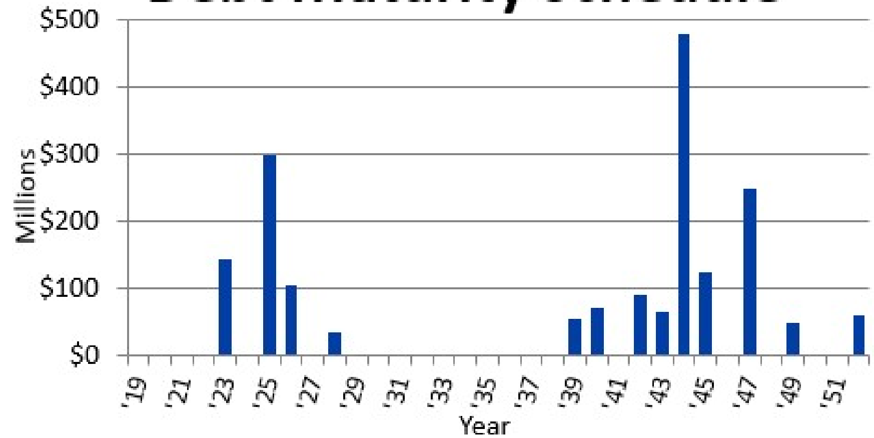


Debt to Capital Ratio



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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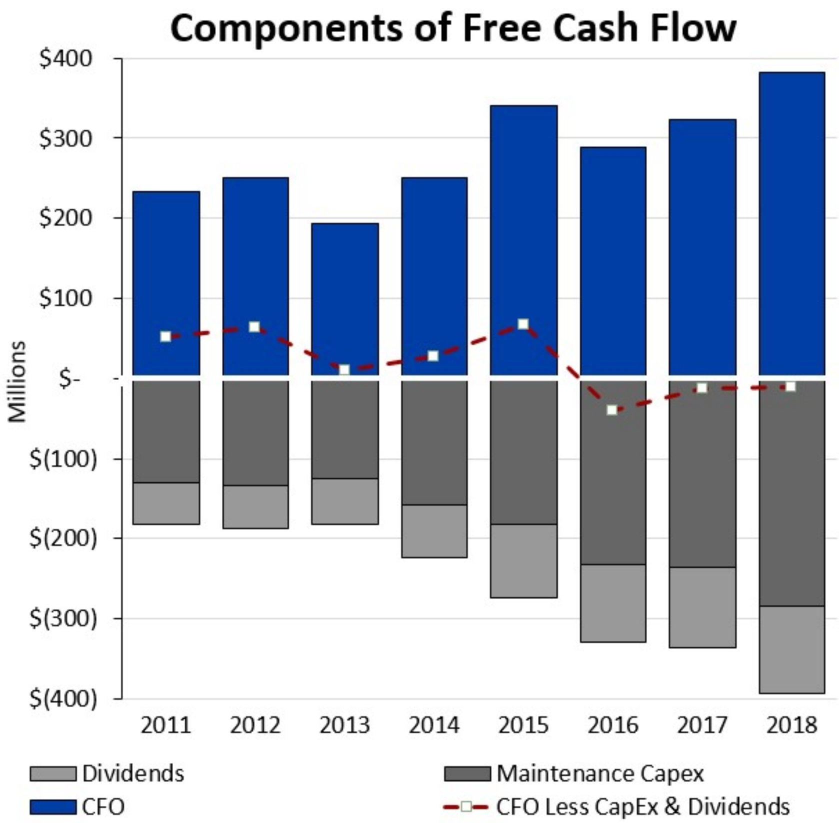
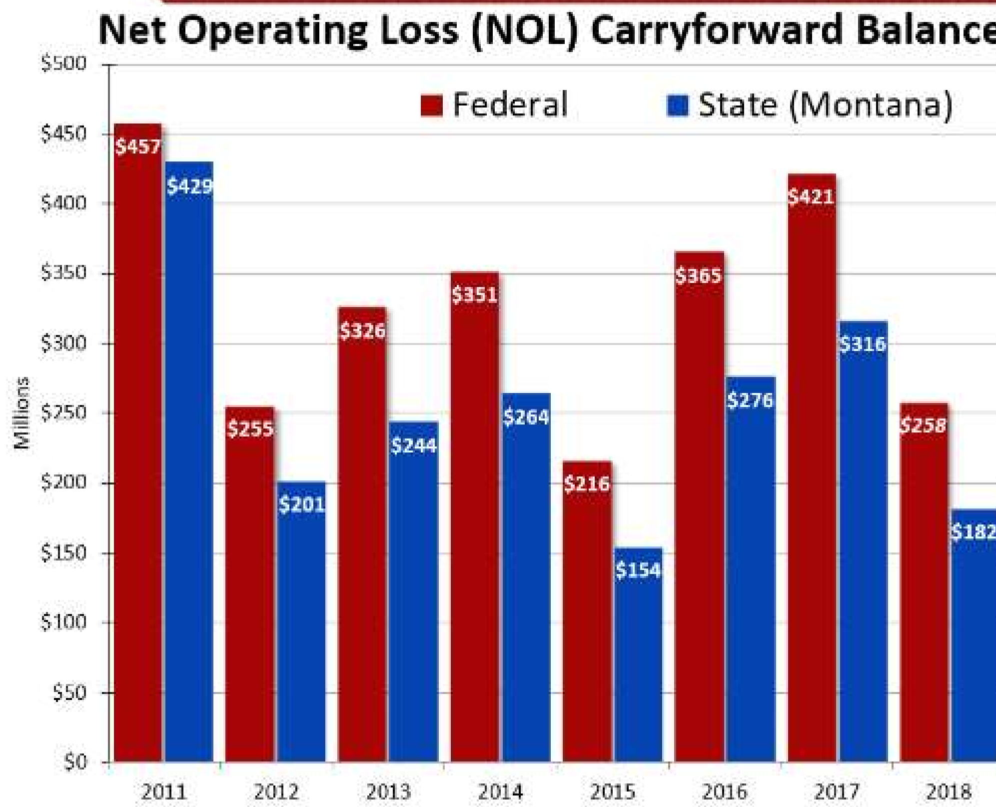
Strong Cash Flows



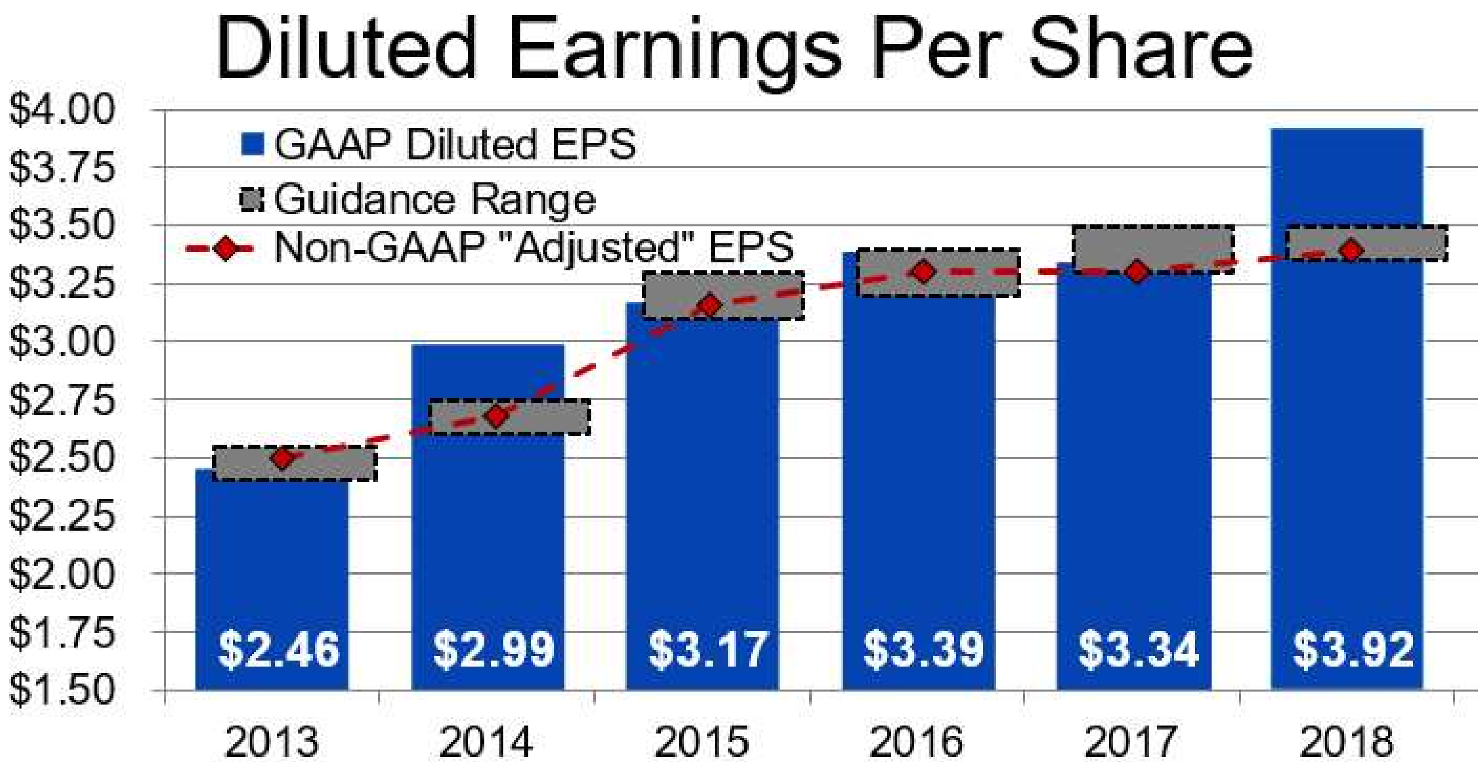


While maintenance capex and total dividend payments have continued to grow since 2011 (11.9% and 11.2% CAGR respectively), Cash Flow from Operations (CFO) has, on average, exceeded maintenance capex and dividend payments by approximately $7 million per year. Note: 2016 CFO is less than 2015 largely due 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 (6 times out of the last 7 years) 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.

20% BY 2020
2020
WOMEN ON BOARDS

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.

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Acquired Two Dot Wind Farm

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

Looking Forward

Regulatory

- MPSC decision on Montana general electric rate review expected in fourth quarter 2019.
- 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)

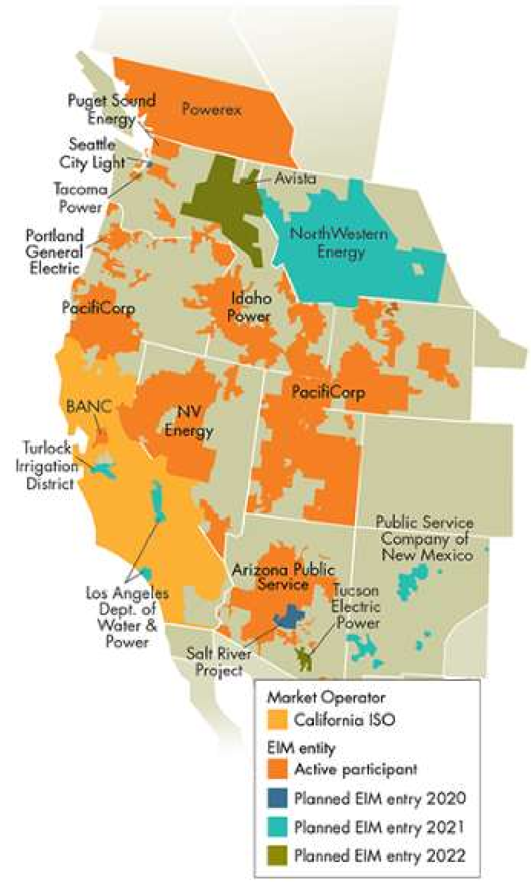
- Real-time energy market could mean lower cost of energy for Montana customers, more efficient use of renewables and greater power grid reliability.

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

Western EIM active and pending participants



Montana Electric Rate Case

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.
- 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 a 10.65% return on equity, 4.26% cost of debt, 49.4% equity & 7.42% return on rate base[1]
- In March 2019, the MPSC issued an order approving an increase in rates of approximately $10.5 million on an interim and refundable basis effective April 1, 2019.

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; and
- Create new net metering customer class and rate for new residential private generation.

Update

- In May 2019, we reached a settlement with all parties who filed comprehensive revenue requirement, cost allocation, and rate design testimony in our Montana electric rate case. If the MPSC approves the settlement, it will result in an annual increase to electric revenue of approximately $6.5 million (based upon a 9.65% return on equity and rate base and capital structure as filed) and an annual decrease in depreciation expense of approximately $9 million.
- A comprehensive hearing was held in May 2019.
- NorthWestern's final post hearing reply brief was filed on August 28th.

Next Steps

- We expect a final order from the MPSC during the fourth quarter of 2019.
- As of June 30, 2019 we have recognized revenue of approximately $1.2 million, reduced depreciation expense by approximately $4.5 million, and have deferred revenue of approximately $0.8 million based on the proposed settlement.

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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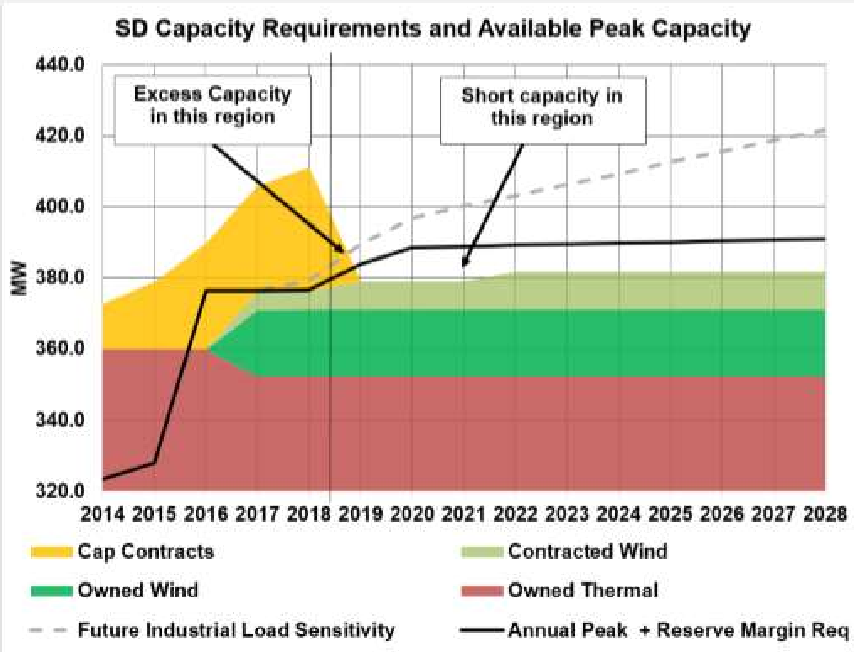
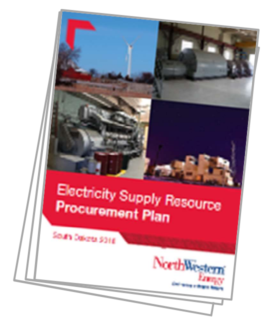
South Dakota Electricity Supply Resource Plan

South Dakota

- 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. In addition, we are currently installing 8MWs of mobile capacity generation, with units expected to be operational in early 2020.
- April 15, 2019, we issued a 60MW all-source RFP to provide capacity for South Dakota customers by the end of 2021. Bids were due July 22, 2019.
- 10 bidders submitted proposals for 32 different projects to a the third-party process administrator.
    - NorthWestern submitted a brownfield + EPC (Engineering, Procurement, and Construction) project for evaluation.
- Final project selection is anticipated in November with contracts and construction to commence by year-end 2019.





The all-source capacity additions discussed for both South Dakota and Montana 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.

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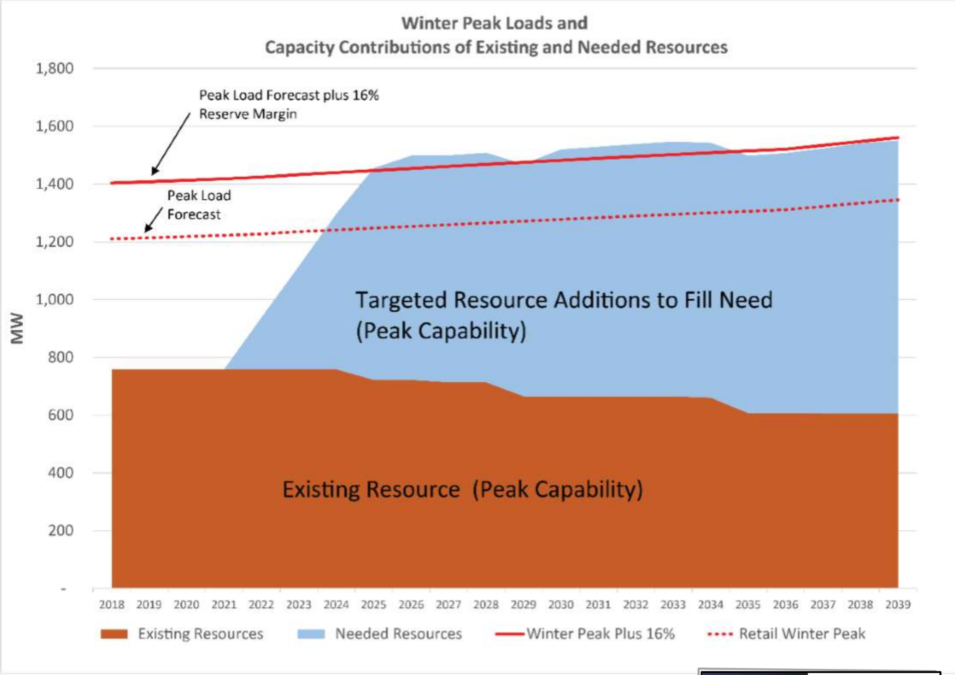
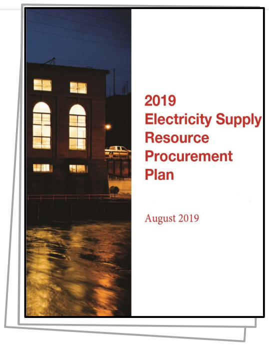
Montana Electricity Supply Resource Plan

Montana

- The draft plan was filed in early March 2019 followed by a 60 day public comment period.
- The final plan, including responses to public comment, was filed August 20th.
- The plan demonstrates an urgent need for additional flexible capacity that will address the changing energy landscape in Montana. This will also enable our participation in the Western EIM and help meet our customers' 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 the expiration of an existing long-term contract and 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





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Capital Investment Forecast

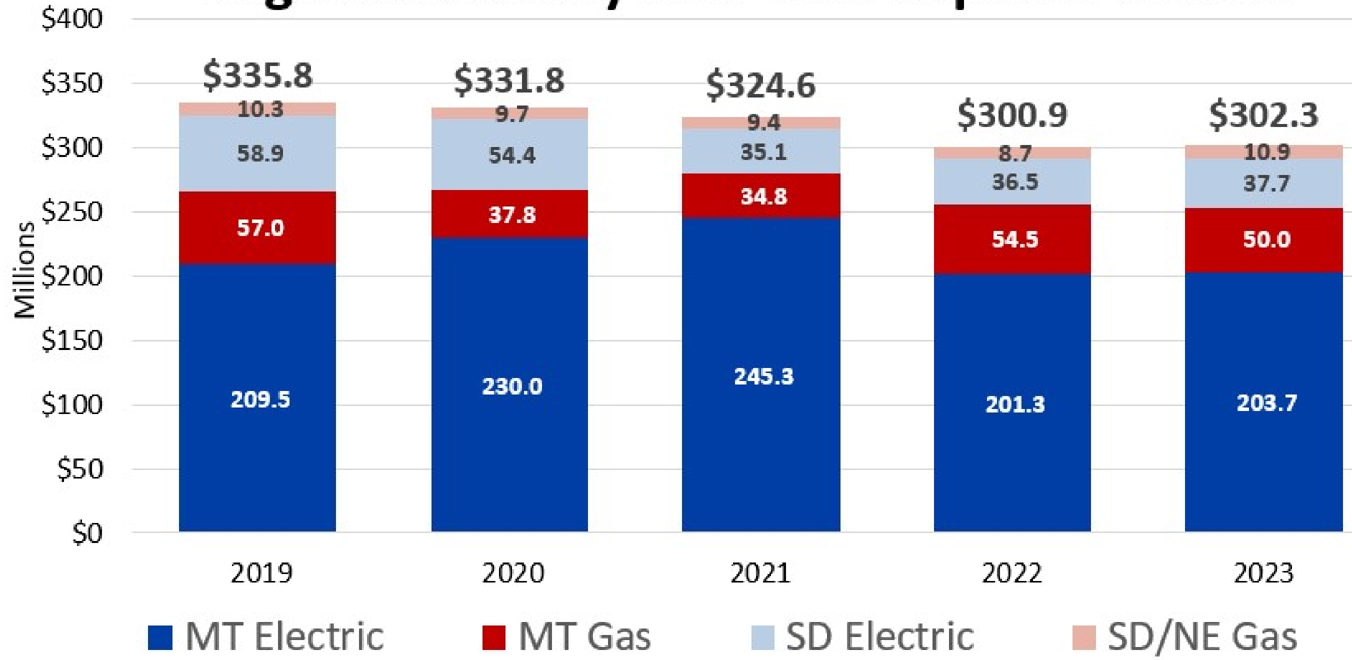
$1.6 billion of total capital investment over five years

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.

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. However, negative outcomes in upcoming regulatory proceedings may result in near-term returns below our 6-9% targeted range.

Regulated Utility Five Year Capital Forecast



$ 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 Montana Electricity Supply Resource Procurement Plans.

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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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Summary Financial Results (Six Months Ended June 30)

(in millions except per share amounts)

	Six Months Ended June 30,			
	2019	2018	Variance	% Variance
Operating Revenues	$ 654.9	$ 603.3	$ 51.6	8.6%
Cost of Sales	171.5	128.3	43.2	33.7%
Gross Margin (1)	**483.4**	**475.0**	**8.4**	**1.8%**
Operating Expenses				
Operating, general & administrative	161.9	148.2	13.7	9.2%
Property and other taxes	89.1	85.9	3.2	3.7%
Depreciation and depletion	86.6	87.3	(0.7)	(0.8%)
Total Operating Expenses	**337.6**	**321.4**	**16.2**	**5.0%**
Operating Income	**145.8**	**153.7**	**(7.9)**	**(5.1%)**
Interest Expense	(47.3)	(46.2)	(1.1)	(2.4%)
Other Income / (Expense)	1.3	(0.3)	1.6	533.3%
Income Before Taxes	**99.8**	**107.3**	**(7.5)**	**(7.0%)**
Income Tax Benefit / (Expense)	20.7	(5.0)	25.7	514.0%
Net Income	**$ 120.5**	**$ 102.3**	**$ 18.2**	**17.8%**
Effective Tax Rate	(20.7%)	4.7%	(25.4%)	
Diluted: Average Shares Outstanding	50.7	49.8	0.9	1.8%
Diluted Earnings Per Share	$2.38	$2.05	$0.33	16.1%
Dividends Paid per Common Share	$1.15	$ 1.10	$ 0.05	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 (Six Months Ended June 30)

(dollars in millions)

	Six Months Ended June 30,			
	2019	2018	Variance[(1)]	
Electric	$ 373.0	$ 371.2	$ 1.8	0.5%
Natural Gas	110.4	103.8	6.6	6.4%
Total Gross Margin	**$ 483.4**	**$ 475.0**	**$ 8.4**	**1.8%**

Increase in gross margin due to the following factors:

$13.5	Tax Cuts and Jobs Act impact
8.7	Natural gas retail volumes
5.0	Electric retail volumes
3.0	Montana electric supply cost recovery
1.2	Montana electric rates, consistent with proposed settlement & subject to refund
(20.9)	Electric QF liability adjustment
(2.3)	Electric transmission
(2.2)	Montana natural gas rates
0.1	Other
$6.1	**Change in Gross Margin Impacting Net Income**
$2.9	Property taxes recovered in trackers
0.3	Production tax credits flowed-through trackers
(0.5)	Operating expenses recovered in trackers
$2.3	**Change in Gross Margin Offset Within Net Income**
$8.4	**Increase in Gross Margin**

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

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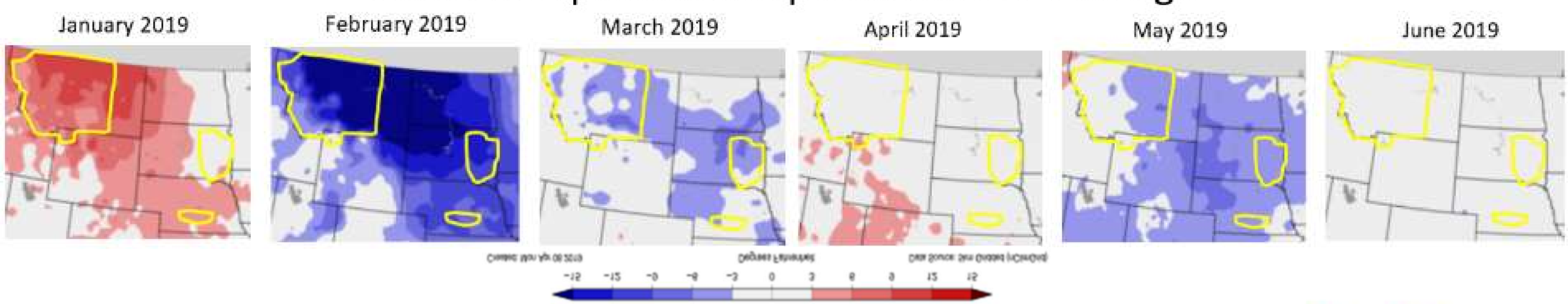
Weather (Six Months Ended June 30)

Heating Degree - Days	YTD thru 6/30 Degree Days			YTD 2019 as compared with:	
	2019	2018	Historic Average	2018	Historic Average
Montana	5,251	4,677	4,492	12% colder	17% colder
South Dakota	6,342	6,076	5,493	4% colder	15% colder
Nebraska	4,849	4,928	4,541	2% warmer	7% colder

Cooling Degree-Days	YTD thru 6/30 Degree Days			YTD 2019 as compared with:	
	2019	2018	Historic Average	2018	Historic Average
Montana	38	32	52	19% warmer	27% colder
South Dakota	24	167	60	86% colder	60% colder

Mean Temperature Departures from Average



We estimate favorable weather through the first 6 months of 2019 has contributed approximately $13.7M pretax benefit as compared to normal and $10.3M pretax benefit as compared to the same period in 2018.

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Operating Expenses (Six Months Ended June 30)

(dollars in millions)

	Six Months Ended June 30,			
	2019	**2018**	**Variance**	
Operating, general & admin.	$ 161.9	$ 148.2	$ 13.7	9.2%
Property and other taxes	89.1	85.9	3.2	3.7%
Depreciation and depletion	86.6	87.3	(0.7)	(0.8%)
Operating Expenses	**$ 337.6**	**$ 321.4**	**$ 16.2**	**5.0%**

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

$3.3	Generation maintenance costs
2.8	Hazard trees
2.5	Employee benefits
1.1	Labor
1.0	Legal costs
4.3	Other
$15.0	**Change in OG&A Items Impacting Net Income**
($3.6)	Pension and other postretirement benefits
(0.9)	Operating expense recovered in trackers
3.2	Non-employee directors deferred compensation
($1.3)	**Change in OG&A Items Offset Within Net Income**
$13.7	**Increase in Operating, General & Administrative Expenses**

$3.2 million increase in property and other taxes due primarily to plant additions and higher annual estimated property valuations in Montana.

$0.7 million decrease in depreciation expense primarily due to the depreciation adjustment consistent with the proposed settlement in our Montana electric rate case..

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Operating to Net Income (Six Months Ended June 30)

(dollars in millions)

Six Months Ended June 30,

	2019	2018	Variance	
Operating Income	**$ 145.8**	**$ 153.7**	**$ (7.9)**	**(5.1%)**
Interest Expense	(47.3)	(46.2)	(1.1)	(2.4%)
Other Income / (Expense)	1.3	(0.3)	1.6	533.3%
Income Before Taxes	**99.8**	**107.3**	**(7.5)**	**(7.0%)**
Income Tax Benefit / (Expense)	20.7	(5.0)	25.7	514.0%
Net Income	**$ 120.5**	**$ 102.3**	**$ 18.2**	**17.8%**

$1.1 million increase in interest expenses was primarily due to higher borrowings.

$1.6 million improvement in other income was due to higher capitalization of AFUDC. In addition, a $3.2 million increase in the value of deferred shares held in trust for non-employee directors deferred compensation was offset by a $3.6 million decrease in other pension expense, both of which are offset in operating, general, and administrative expense with no impact to net income.

$25.7 million decrease in income tax expense. The income tax benefit for 2019 reflects the release of approximately $22.8 million of unrecognized tax benefits, including approximately $2.7 million of accrued interest and penalties, due to the lapse of statutes of limitation in the second quarter of 2019. Our effective tax rate for the six months ended June 30, 2019 was negative 20.7% as compared with 4.7% for the same period of 2018. We expect our 2019 effective tax rate to range between negative 7 and negative 12%.

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Income Tax Reconciliation (Six Months Ended June 30)

(in millions)	Six Months Ended June 30,				
	2019		2018		Variance
Income Before Income Taxes	**$99.8**		**$107.3**		**($7.5)**
Income tax calculated at federal statutory rate	21.0	21.0%	22.5	21.0%	(1.5)
Permanent or flow through adjustments:					
State income, net of federal provisions	1.2	1.2%	1.5	1.5%	(0.3)
Release of unrecognized tax benefit	(22.8)	(22.9%)	-	-	(22.8)
Flow - through repairs deductions	(10.1)	(10.1%)	(10.7)	(10.0%)	0.6
Production tax credits	(5.9)	(5.8%)	(6.4)	(6.0%)	0.5
Plant and depreciation of flow through items	(2.2)	(2.2%)	(1.5)	(1.4%)	(0.7)
Amortization of excess deferred income tax	(1.6)	(1.6%)	(0.4)	(0.4%)	(1.2)
Share-based compensation	0.2	0.2%	0.3	0.3%	(0.1)
Other, net	(0.5)	(0.5%)	(0.3)	(0.3%)	(0.2)
Sub-total	(41.7)	(41.7%)	(17.5)	(16.3%)	(24.2)
Income Tax (Benefit) / Expense	**$ (20.7)**	**(20.7%)**	**$ 5.0**	**4.7%**	**$ (25.7)**

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Adjusted Non-GAAP Earnings (Six Months Ended June 30)

(in millions)	GAAP Six Months Ended June 30, 2019	Favorable Weather	(1) Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	Non-employee Deferred Compensation	Remove Benefit Related to Release of Previously Unrecognized Tax Benefits	Non GAAP Six Months Ended June 30, 2019	Non-GAAP Variance Variance $	%	Non GAAP Six Months Ended June 30, 2018	Non-employee Deferred Compensation	(1) Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	(2) Gain on Qualified Facilities (Periodic Liability Reset)	Favorable Weather	GAAP Six Months Ended June 30, 2018
Revenues	$654.9	(13.7)	-	-	-	$641.2	$41.3	6.9%	$599.9	-	-	-	(3.4)	$603.3
Cost of sales	171.5	-	-	-	-	171.5	25.7	17.6%	145.8	-	-	17.5	-	128.3
Gross Margin	483.4	(13.7)	-	-	-	469.7	15.6	3.4%	454.1	-	-	(17.5)	(3.4)	475.0
Op. Expenses														
OG&A	161.9	-	3.5	(2.5)	-	162.9	14.2	9.5%	148.7	0.6	(0.1)	-	-	148.2
Prop. & other taxes	89.1	-	-	-	-	89.1	3.2	3.7%	85.9	-	-	-	-	85.9
Depreciation	86.6	-	-	-	-	86.6	(0.7)	-0.8%	87.3	-	-	-	-	87.3
Total Op. Exp.	337.6	-	3.5	(2.5)	-	338.6	16.7	5.2%	321.9	0.6	(0.1)	-	-	321.4
Op. Income	145.8	(13.7)	(3.5)	2.5	-	131.0	(1.3)	-1.0%	132.3	(0.6)	0.1	(17.5)	(3.4)	153.7
Interest expense	(47.3)	-	-	-	-	(47.3)	(1.1)	-2.4%	(46.2)	-	-	-	-	(46.2)
Other Inc. (Exp.), net	1.3	-	3.5	(2.5)	-	2.3	2.1	1050.0%	0.2	0.6	(0.1)	-	-	(0.3)
Pretax Income	99.8	(13.7)	-	-	-	86.1	(0.2)	-0.2%	86.3	-	-	(17.5)	(3.4)	107.3
Income tax benefit (exp.)	20.7	3.5	-	-	(22.8)	1.4	1.1	382.3%	0.3	-	-	4.4	0.9	(5.0)
Net Income	$120.5	(10.2)	-	-	(22.8)	$87.5	$0.9	1.0%	$86.6	-	-	(13.1)	(2.5)	$102.3
ETR	-20.7%	25.3%	-	-	-	-1.6%			-0.3%	-	-	25.3%	25.3%	4.7%
Diluted Shares	50.7					50.7	0.9	1.8%	49.8					49.8
Diluted EPS	$2.38	(0.20)	-	-	(0.45)	$1.73	($0.01)	-0.6%	$1.74	-	-	(0.26)	(0.05)	$2.05

The adjusted non-GAAP measures presented in the table are being shown to reflect significant items that were non-recurring or variance from normal weather, 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).

(2) Due to our expectations regarding remeasurement of our Qualifying Facilities (QF) liability, we no longer reflect this adjustment as a non-GAAP measure. Absent a QF liability adjustment, our 2018 Adjusted Non-GAAP Diluted EPS would have been $0.89 and $2.00 for the three and six months ended June 30, 2018, respectively. The 2019 QF adjustment, as noted in our gross margin discussion herein, was $6.3 million ($3.3 million liability reduction plus $3.0 million lower actual output and pricing).

Qualified Facility Earnings Adjustment

	Liability Adjustment due to underlying change in contract pricing assumptions	Actual Cost less than expected (due to price and volumes)	Total
Jun-15	(6.1)	1.8	**(4.3)**
Jun-16	0.0	1.8	**1.8**
Jun-17	0.0	2.1	**2.1**
Jun-18	17.5	9.7	**27.2**
Jun-19	3.3	3.0	**6.3**

Year-over-Year Better (Worse)			
Jun-16	6.1	0.0	**6.1**
Jun-17	0.0	0.3	**0.3**
Jun-18	17.5	7.6	**25.1**
Jun-19	(14.2)	(6.7)	**(20.9)**

Our electric QF liability consists of unrecoverable costs associated with contracts covered under PURPA that are part of a 2002 stipulation with the MPSC and other parties. Risks / losses associated with these contracts are born by shareholders, not customers. Therefore, any mitigation of prior losses and / or benefits of liability reduction also accrue to shareholders.

The gain in 2019 for our QF liability was $6.3 million in total, it was comprised of $3.3 million adjustment to the liability and $3.0 million lower actual costs over last 12 months (QF contract year). This $6.6 million benefit is $20.9 million less than the $27.2 million total benefit we recognized in Q2 last year.

Due to our expectations regarding remeasurement of our QF liability, we no longer reflect this adjustment as a non-GAAP measure. Absent a QF liability adjustment, our 2018 Adjusted Non-GAAP Diluted EPS would have been $0.89 and $2.00 for the three and six months ended June 30, 2018, respectively.

Balance Sheet

(dollars in millions)	As of June 30, 2019	As of December 31, 2018
Cash and cash equivalents	$ 4.2	$ 7.9
Restricted cash	8.2	7.5
Accounts receivable, net	126.0	162.4
Inventories	51.8	50.8
Other current assets	62.7	49.2
Goodwill and other intangibles, net	358.0	357.6
PP&E and other non-current assets	5,109.5	5,009.1
Total Assets	**$ 5,720.4**	**$ 5,644.4**
Payables	58.9	87.0
Finance leases	2.4	2.3
Other current liabilities	214.5	257.7
Long-term debt & capital leases	2,177.7	2,122.3
Other non-current liabilities	1,256.9	1,232.7
Shareholders' equity	2,010.1	1,942.4
Total Liabilities and Equity	**$ 5,720.4**	**$ 5,644.4**
Capitalization:		
Finance Leases	2.4	2.3
Long Term Debt & Finance Leases	2,177.7	2,122.3
Less: Basin Creek Finance Lease	(21.1)	(22.2)
Less: New Market Tax Credit Financing Debt	(27.0)	(27.0)
Shareholders' Equity	2,010.1	1,942.4
Total Capitalization	**$ 4,142.1**	**$ 4,017.7**
Ratio of Debt to Total Capitalization	**51.5%**	**51.7%**

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

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Cash Flow

(dollars in millions)	Six Months Ending June 30, 2019	2018
Operating Activities		
Net Income	$ 120.5	$ 102.3
Non-Cash adjustments to net income	73.5	96.9
Changes in working capital	(42.3)	57.1
Other non-current assets & liabilities	(7.1)	(9.1)
Cash provided by Operating Activities	**144.6**	**247.1**
Investing Activities		
PP&E additions	(147.0)	(116.5)
Acquisitions / Investments	-	(18.5)
Cash used in Investing Activities	**(147.0)**	**(135.0)**
Financing Activities		
Proceeds from issuance of common & treasury stock, net	1.0	46.6
Issuance (Repayments) of debt, net	57.0	(103.6)
Dividends on common stock	(57.6)	(54.3)
Financing costs	(0.9)	(0.1)
Cash used in Financing Activities	**(0.4)**	**(111.3)**
(Decrease) Increase in Cash, Cash Equiv. & Restricted Cash	**(2.9)**	**0.9**
Beginning Cash, Cash Equiv. & Restricted Cash	15.3	12.0
Ending Cash, Cash Equiv. & Restricted Cash	**$ 12.5**	**$ 12.9**

Cash from operating activities decreased by ~$103M primarily due to the under collection of supply costs from customers in 2019 as compared with an over collection in 2018 resulting in ~$39M in reduction of working capital, credits to Montana customers during the current period related to the Tax Cuts and Jobs Act of ~$20.5M, transmission generation interconnection refunds in the current period compared with deposits in the prior period decreasing working capital by ~$18.8M and the receipt of insurance proceeds of ~%6.1M during the first quarter of 2018.

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Estimated Impacts of the Tax Cuts & Jobs Act

Spion Kop wind farm - Montana

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.

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).

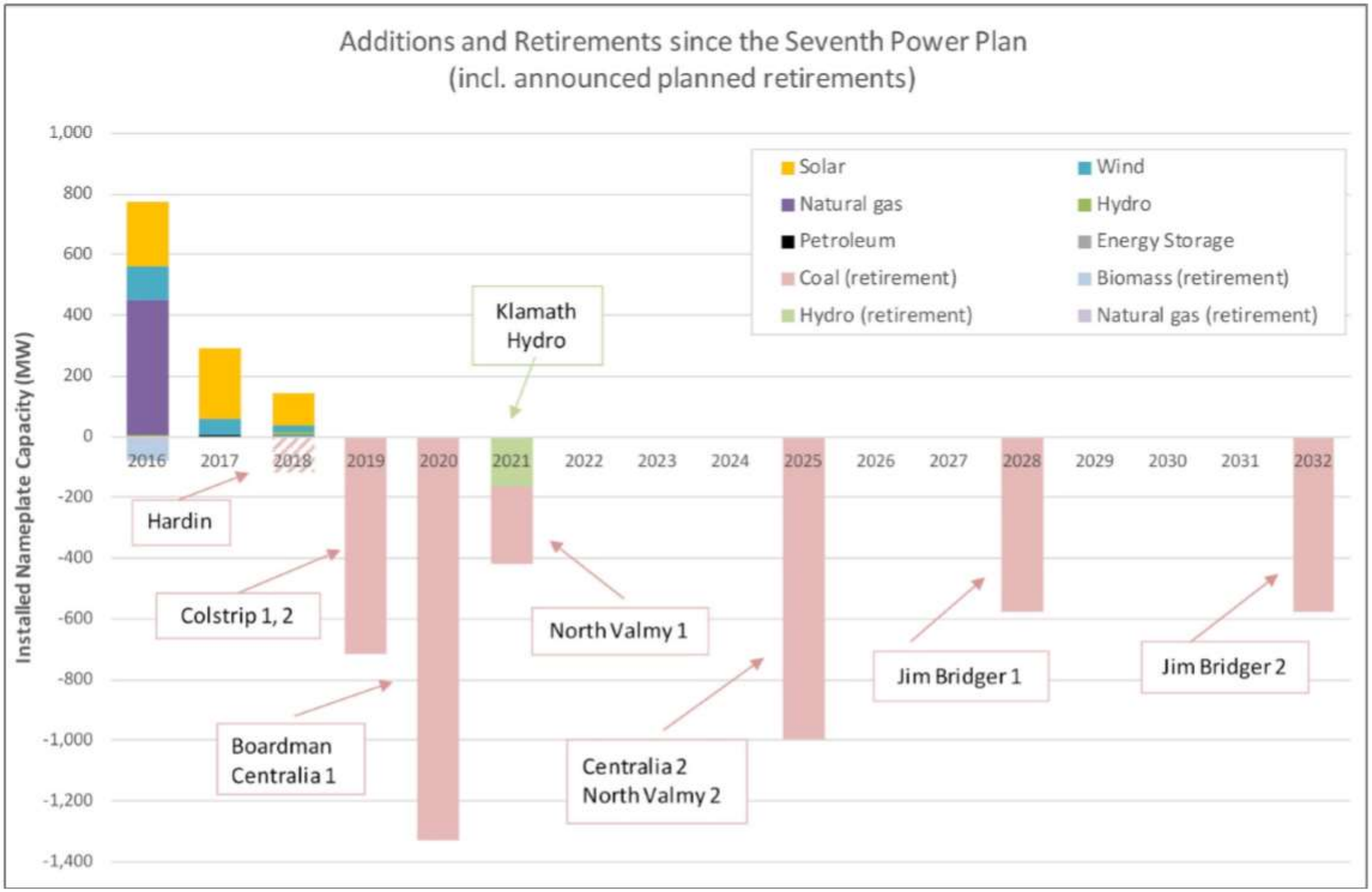
Nebraska: In August 2018, the NPSC approved a settlement to evaluate the impact of the TCJA on an annual basis and had no impact on our financial statements.

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.

Montana State and Regional Coal Retirements



Source: Northwest Power and Conservation Council

The total planned energy generation reductions in the Pacific Northwest region exceed 3,600 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.

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	51	80	131
Hydro	448	-	448
Other resources (2)	150	150	300
	871	440	1,311

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

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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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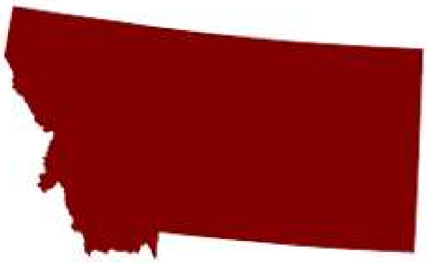
Our Commissioners

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

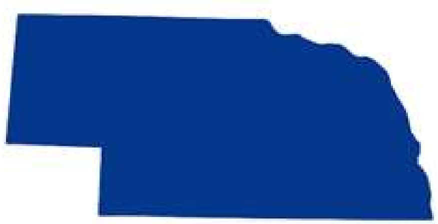
Commissioners are elected in statewide elections from each of five districts. Chairperson is elected by fellow Commissioners. Commissioner term is four years, Chairperson term is two years.

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 Six Months Ending June 30, 2019

(in millions)	Electric	Gas	Other	Total
Operating Revenues	$ 492.7	$ 162.2	$ -	$ 654.9
Cost of Sales	119.7	51.8	-	171.5
Gross Margin	**$ 373.0**	**$ 110.4**	**$ -**	**$ 483.5**

Use of Non-GAAP Financial Measures - Gross Margin - Six Months Ending June 30, 2019

(in millions)	Montana	South Dakota	Nebraska	Eliminations	Total
Operating Revenues	$ 519.8	$ 117.6	$ 20.9	$ (3.3)	$ 654.9
Cost of Sales	112.2	48.7	13.9	(3.3)	171.5
Gross Margin	**$ 407.6**	**$ 68.9**	**$ 6.9**	**$ -**	**$ 483.5**

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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