NWE Investor Relations Update – Guggenheim NDR

October 27, 2020

8-K'ed on October 27, 2020

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.


Boulder River in Montana

Company Information

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

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NorthWestern Energy
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COVID-19: Our Response

COVID-19 has consumed our everyday life. This rapidly evolving pandemic has affected all aspects of our operations. We implemented a comprehensive set of actions to help our customers, communities and employees, all while maintaining our commitment to provide safe and reliable energy. We will continue to monitor and adapt our operating and financial plan to meet the challenges ahead.

Crisis Action Team activated March 11th

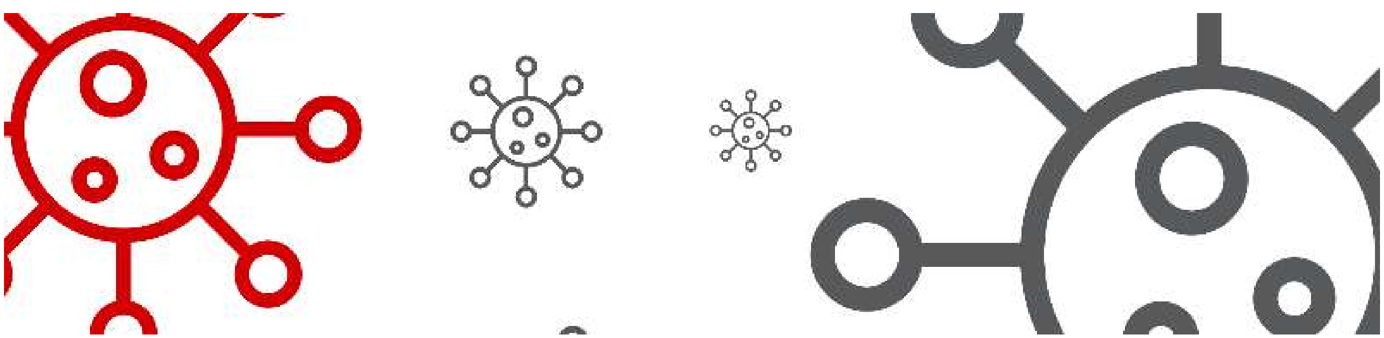
- Crisis team (managers) established with minimum business disruption
- Government requirements are the baseline, but we will make decisions by applying available expert information
- Open communication channels with state officials and utility commissions

Keeping Employees Safe

- Employee work from home policy since mid March
- All walk-in offices and facilities closed to public
- Field employee guidance for safety
- Field crews now consist of pods of 4-5 employees

Helping Customers and Communities

- Communicating with customers, including commercial and industrial
- Provided $400K of incremental charitable funding specific for COVID relief, including billing relief for small businesses
- Matching employee contributions to COVID-19 relief
- Service disconnections for non payment temporarily suspended
- Low Income Home Energy Assistance Program
- Providing customers and businesses resources to seek additional support on local, state and federal levels



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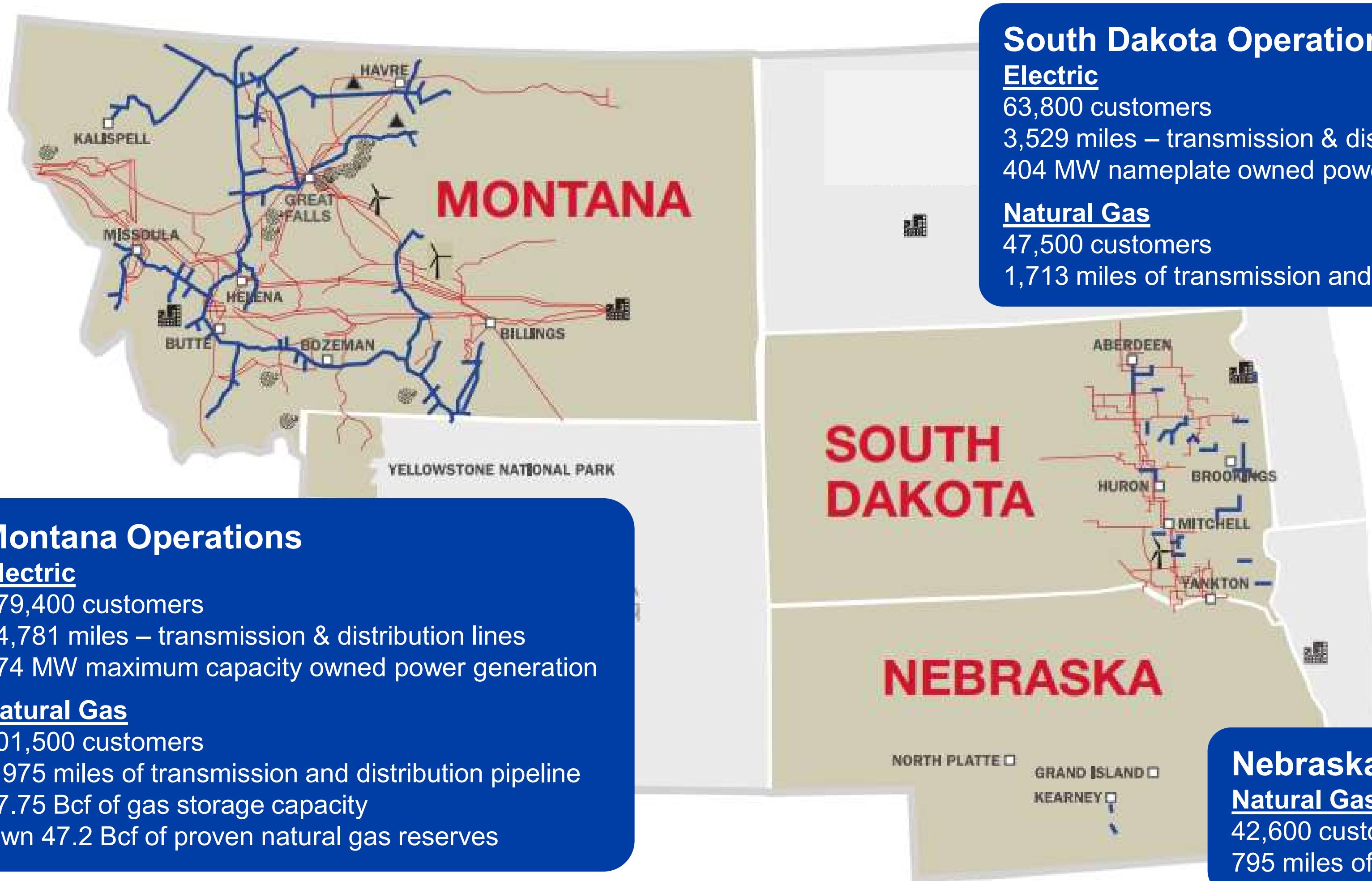
About NorthWestern



South Dakota Operations

Electric

63,800 customers
3,529 miles – transmission & distribution lines
404 MW nameplate owned power generation

Natural Gas

47,500 customers
1,713 miles of transmission and distribution pipeline

Montana Operations

Electric

379,400 customers
24,781 miles – transmission & distribution lines
874 MW maximum capacity owned power generation

Natural Gas

201,500 customers
6,975 miles of transmission and distribution pipeline
17.75 Bcf of gas storage capacity
Own 47.2 Bcf of proven natural gas reserves

Nebraska Operations

Natural Gas

42,600 customers
795 miles of distribution pipeline

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

Data as of 12/31/2019

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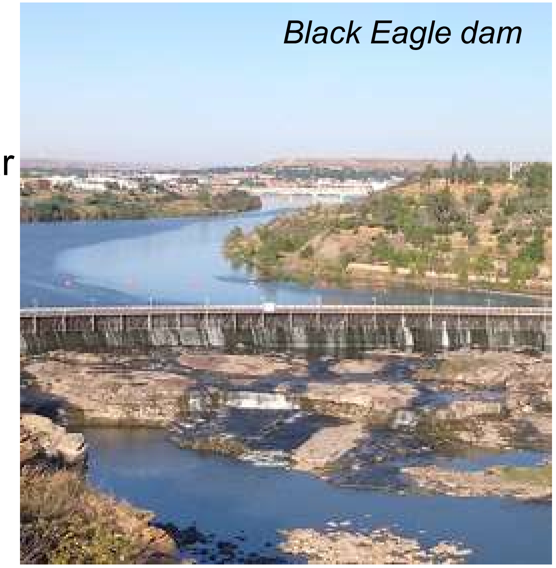
NWE - An Investment for the Long Term


Black Eagle dam

Pure Electric & Gas Utility

- 100% pure electric & natural gas utility business with over 100 years of operating history
- Solid economic indicators in service territory
- Diverse electric supply portfolio ~58% 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 2021
- 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

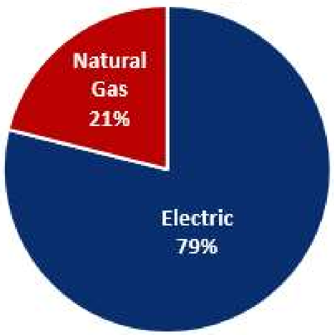
Financial Goals & Metrics

- Target debt to capitalization ratio of 50%-55% with liquidity of $100 million or greater
- Target 3%-6% EPS growth plus dividend yield to provide competitive total return
- Target dividend payout ratio of 60%-70%

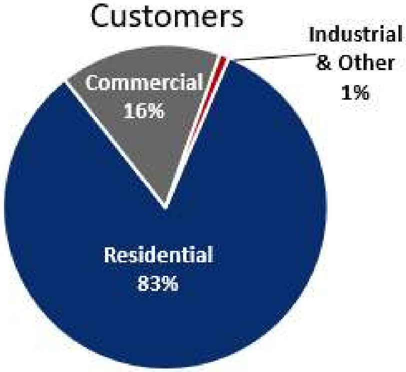
Best Practices Corporate Governance

A Diversified Electric and Gas Utility

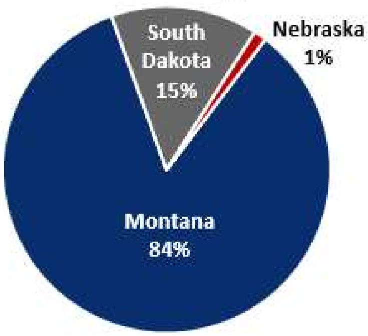
Gross Margin [(1)]



Customers

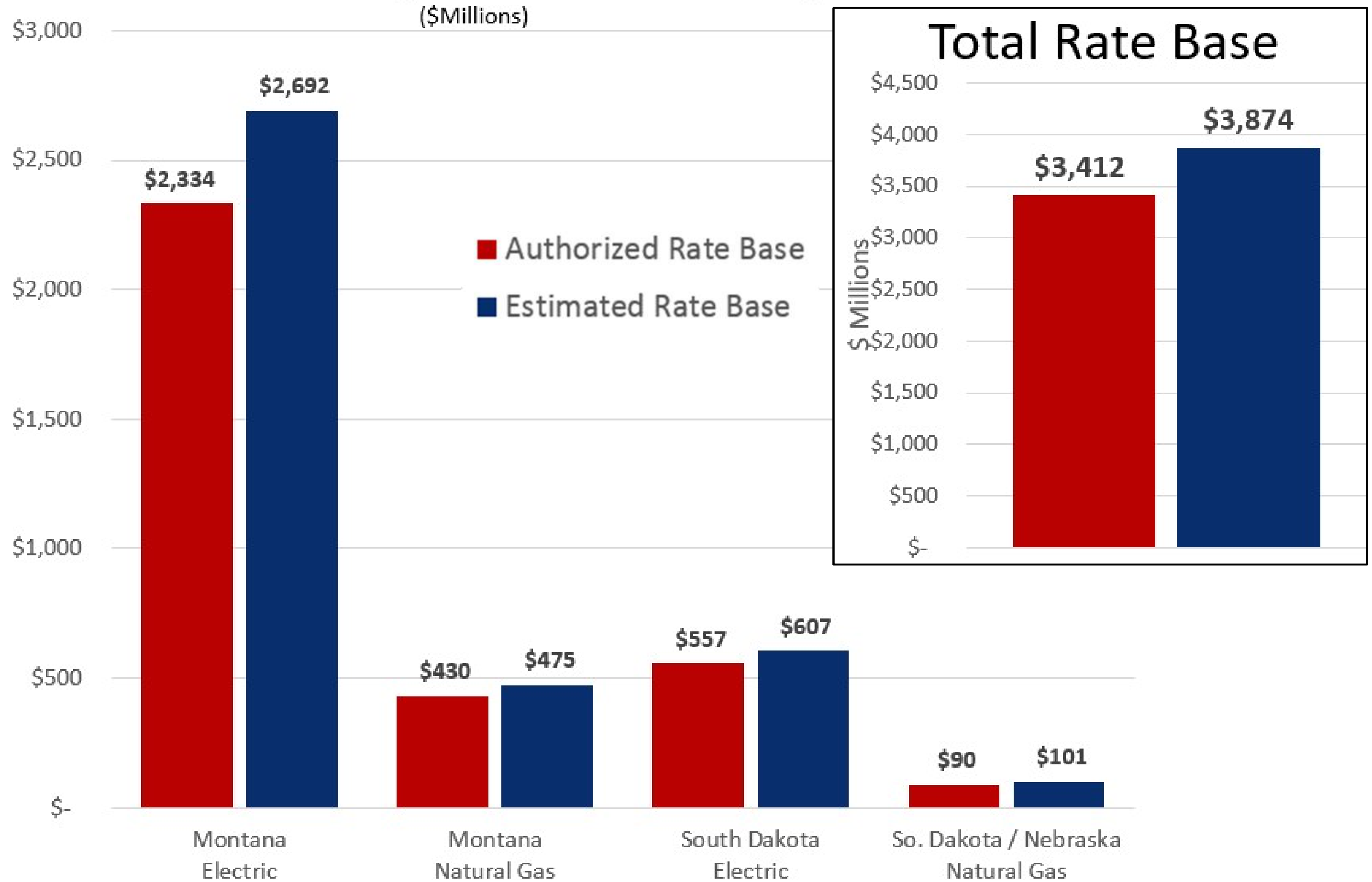


Gross Margin [(1)]



Data as reported in our 2019 10-K

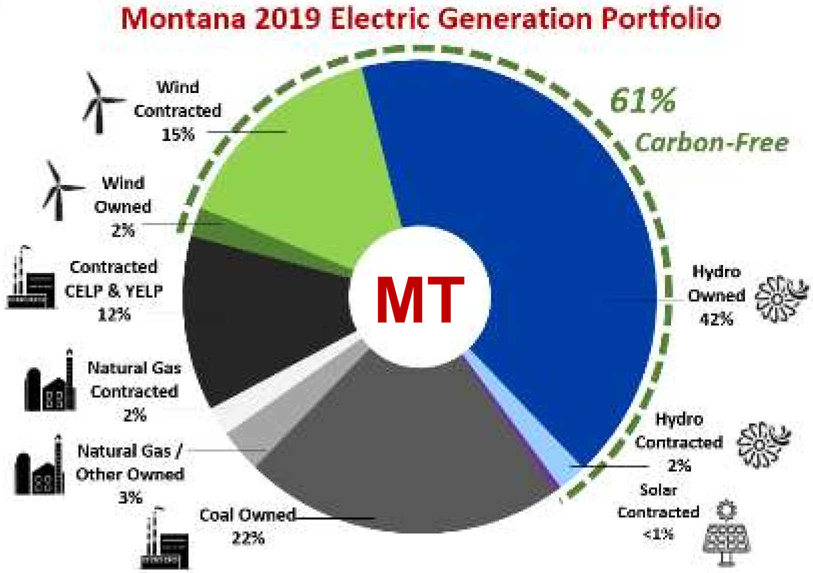
Rate Base by Service Territory



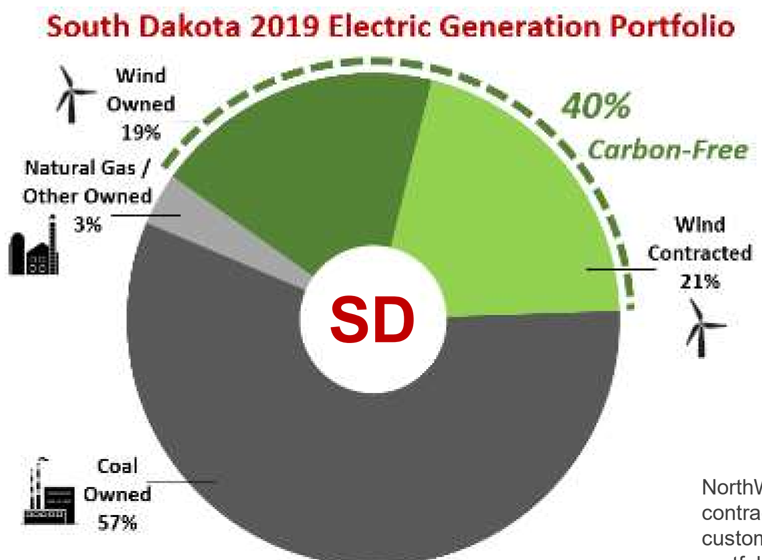
NorthWestern's '80/20' rules:
Approximately 80% Electric, 80% Residential and 80% Montana.
Nearly $3.9 billion of rate base investment to serve our customers

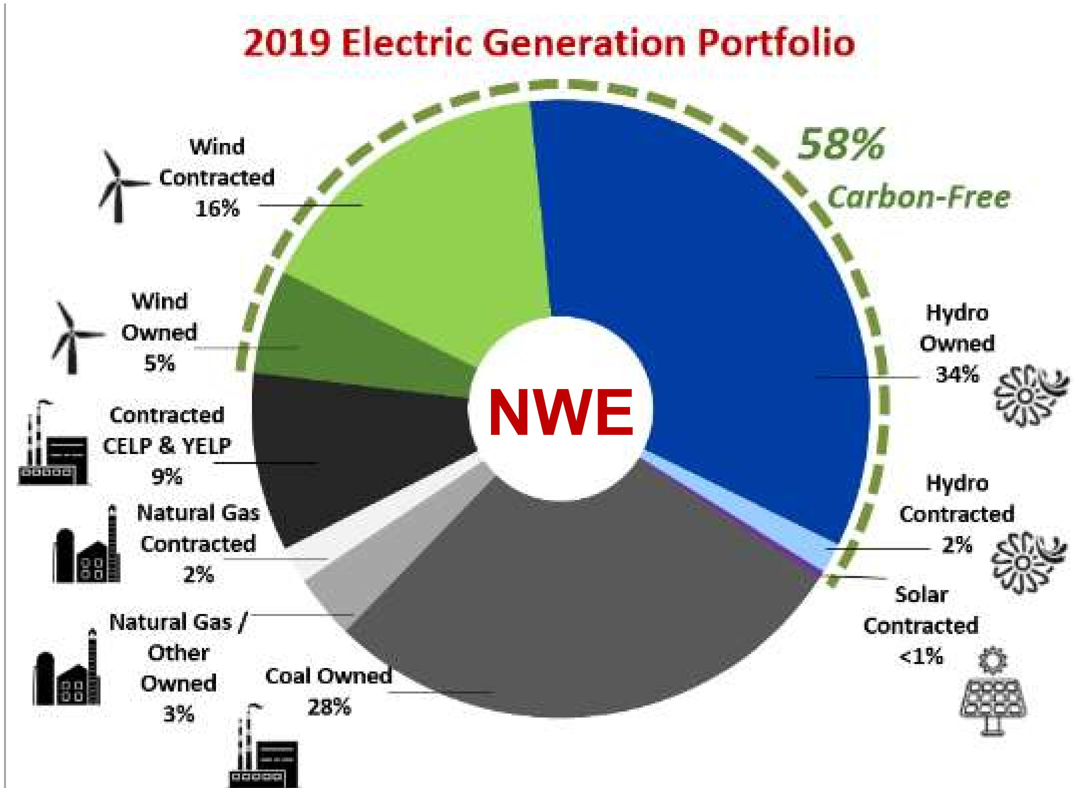
(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure. See appendix for additional disclosure.

Highly Carbon-Free Supply Portfolio



Contracted energy from Colstrip Energy Limited Partners (CELP), Yellowstone Energy Limited Partners (YELP) as well as a majority of the contracted wind, hydro and solar are federally mandated Qualifying Facilities, as defined under the Public Utility Regulatory Policies Act of 1978 (PURPA).





Based upon 2019 MWH's of owned and long-term contracted resources. Approximately 58% 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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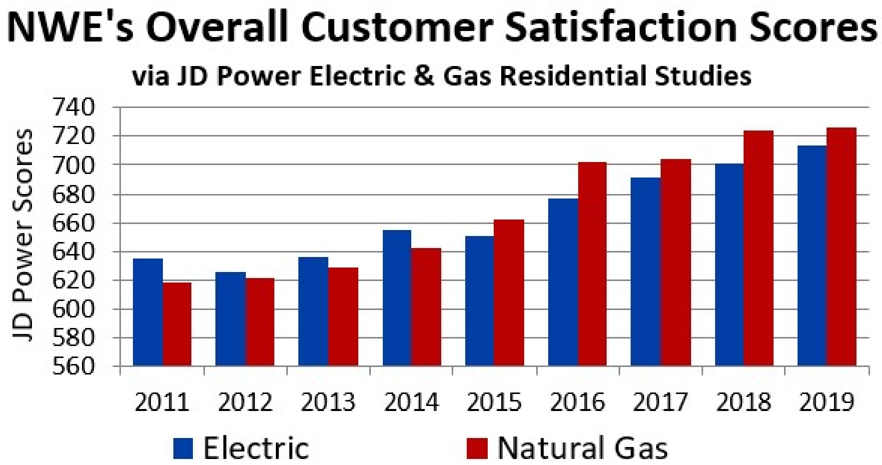
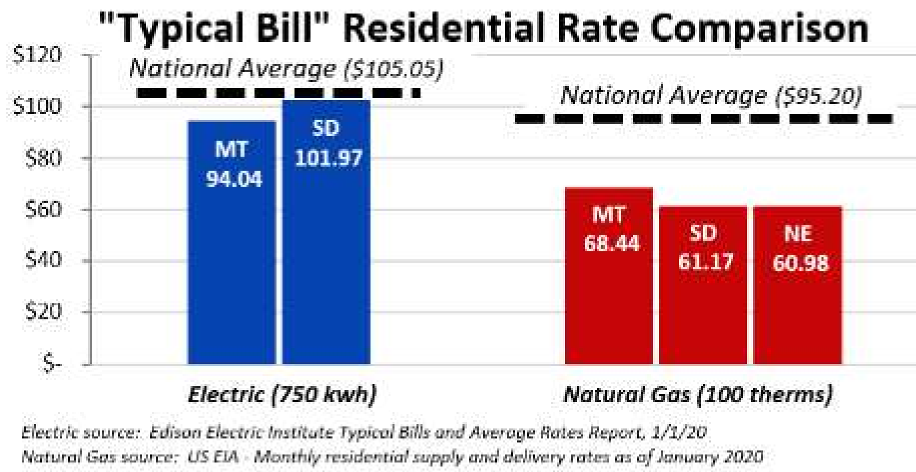
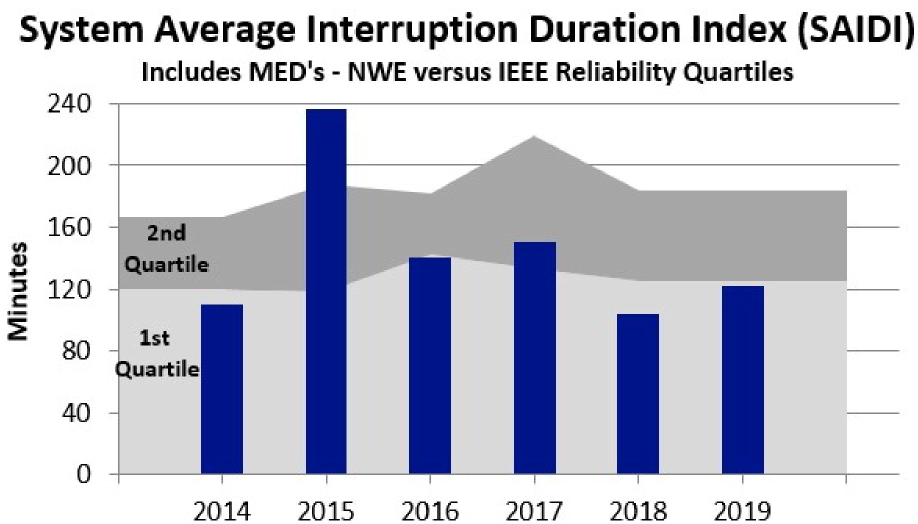
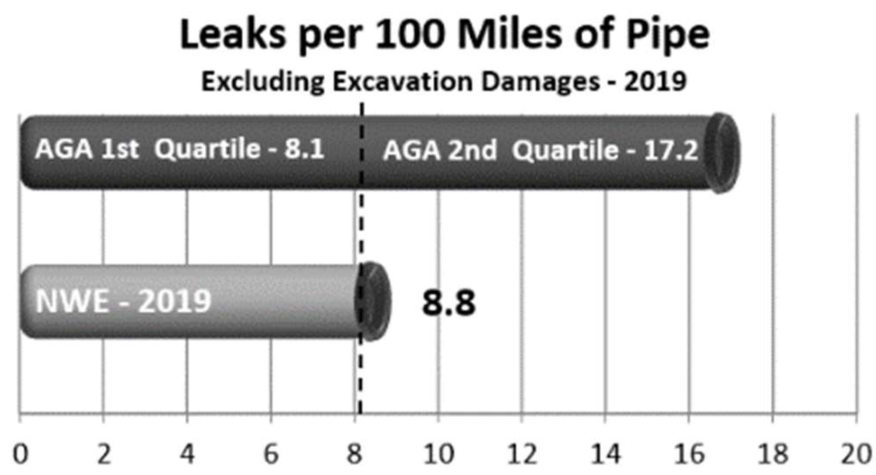
Strong Utility Foundation









- Solid and improving JD Power Overall Customer Satisfaction Scores
- Residential electric and natural gas rates below national average
- Solid electric system reliability
- Low gas leaks per mile – just outside 1st quartile

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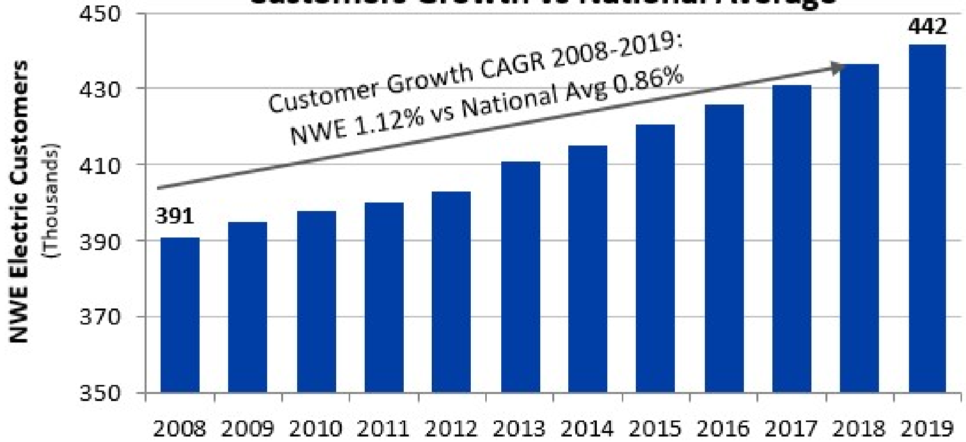
Solid Economic Indicators

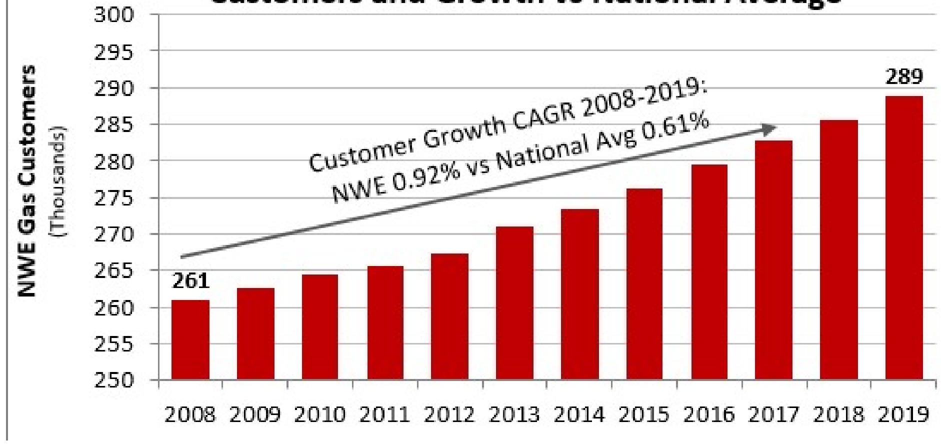
Electric

Customers Growth vs National Average



Natural Gas

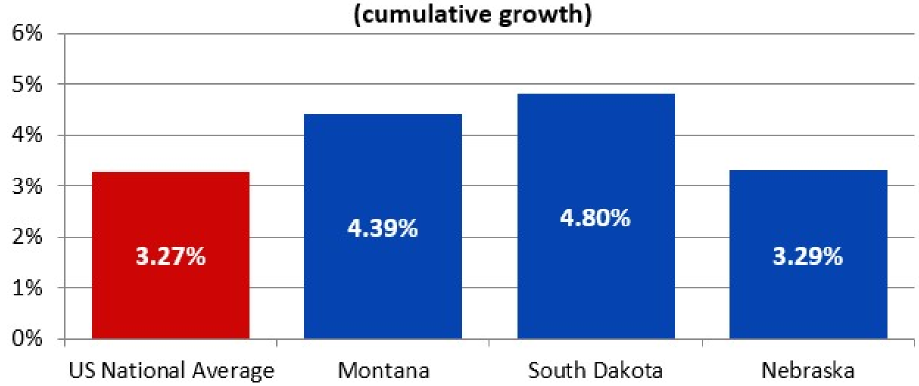
Customers and Growth vs National Average



Source: Company 10K's, 2017/2018 EEI Statistical Yearbook – Table 7.2 and EIA.gov

Projected Population Growth 2020 - 2025

(cumulative growth)

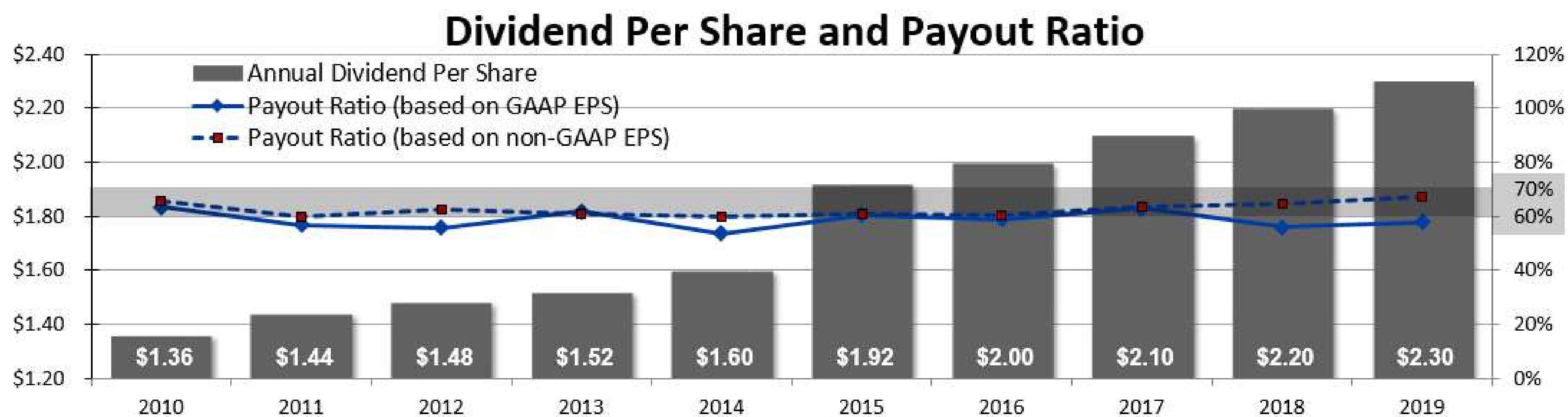


Source: Claritas via S&P Global Market Intelligence 8-5-20

Black Eagle Power House

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

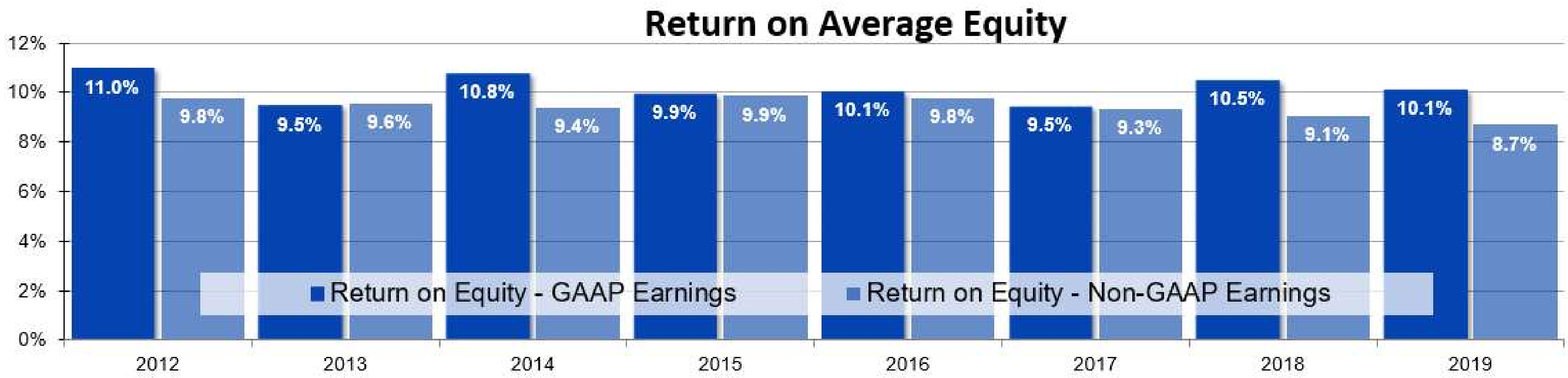
A History of Growth

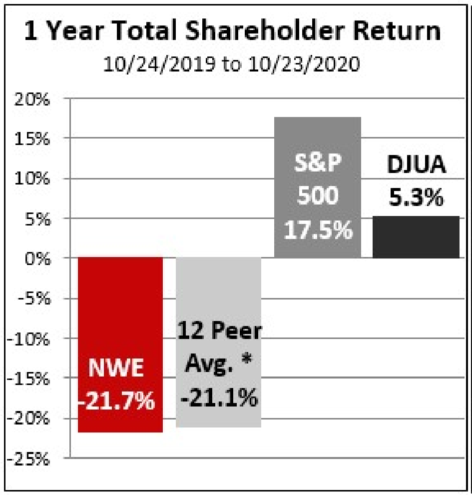


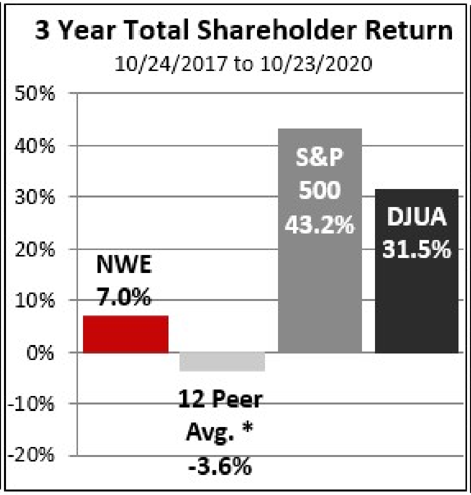
2010-2019 CAGR's: GAAP EPS: 7.1% - Non-GAAP EPS: 5.7% - Dividend: 6.0%

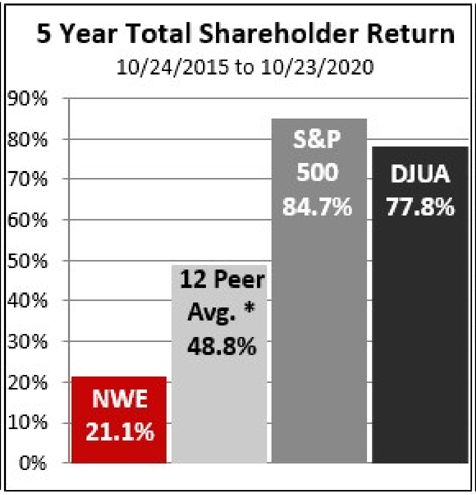
See appendix for "Non-GAAP Financial Measures"

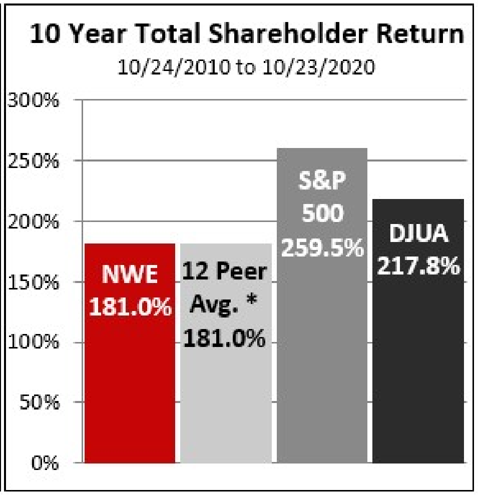
Track Record of Delivering Results









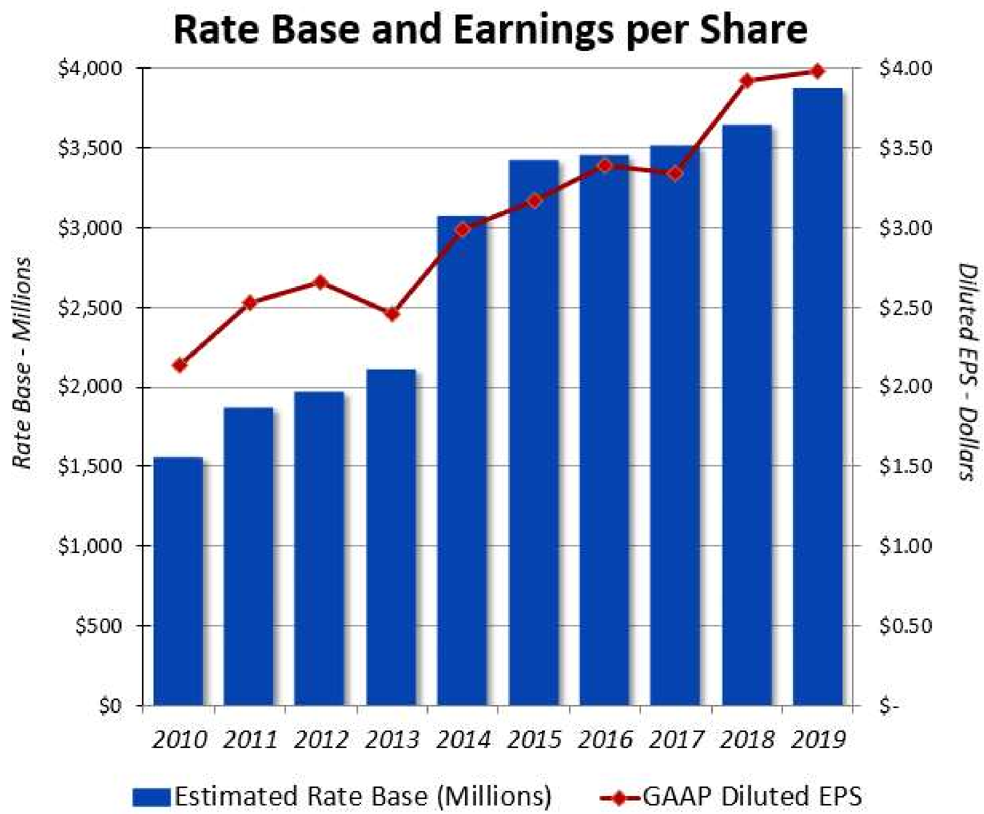


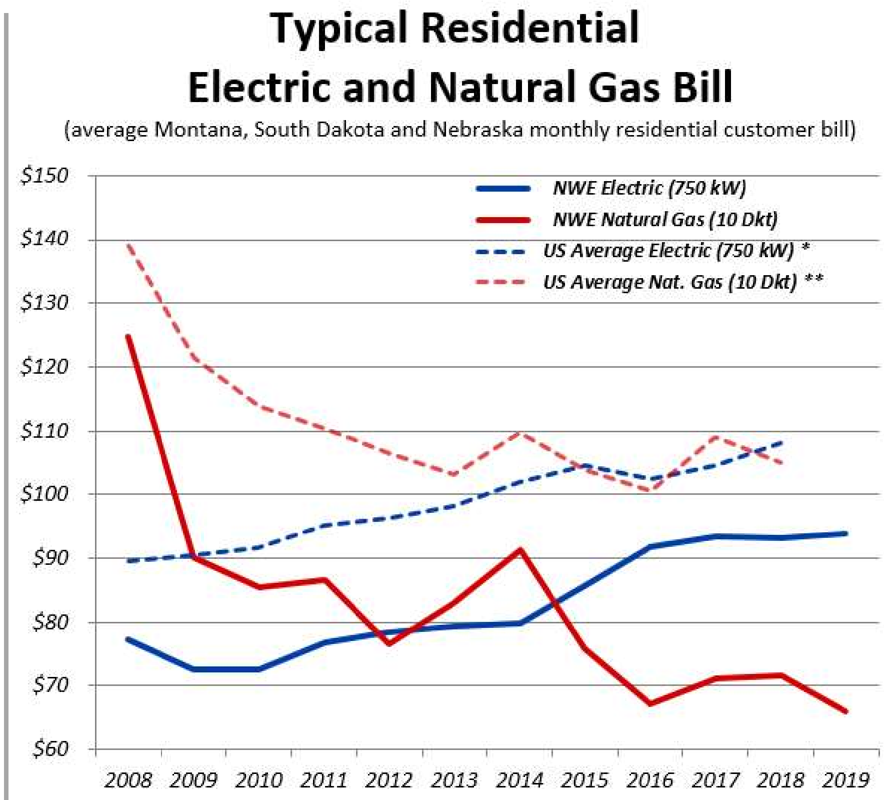
* *Peer Group: ALE, AVA, BKH, IDA, MGEE, NWN, OGE, OGS, OTTR, PNM, POR & SR*

Return on Equity on GAAP Earnings within 9.5% - 11.0% band over the last 8 years with average of 10.2%. Total Shareholder Return is in line or better than our 12 peer average for the1, 3 & 10 year periods but lags in the 5 year period, due in part to regulatory concerns in Montana from 2015-2017.

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.

2010-2019 CAGRs	Estimated Rate Base:	10.7%	GAAP Diluted EPS:	7.1%
2008-2019 CAGRs	NWE typical electric bill:	1.8%	NWE typical natural gas bill:	(5.6%)
2008-2018 CAGRs	US average electric bill:	1.9%*	US average natural gas bill:	(2.7%)**

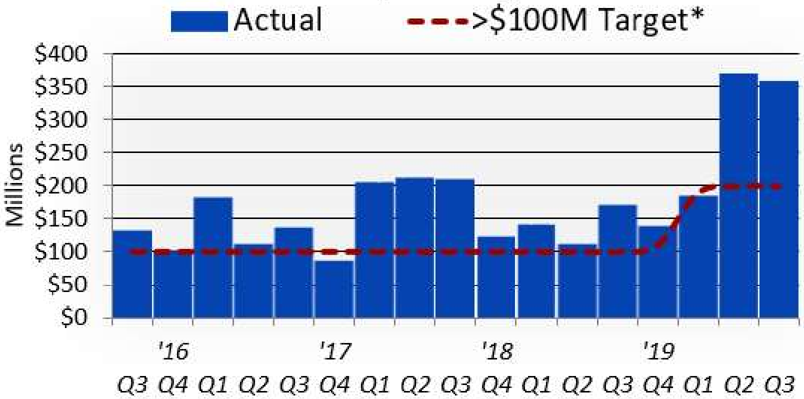
Balance Sheet Strength and Liquidity

Credit Ratings

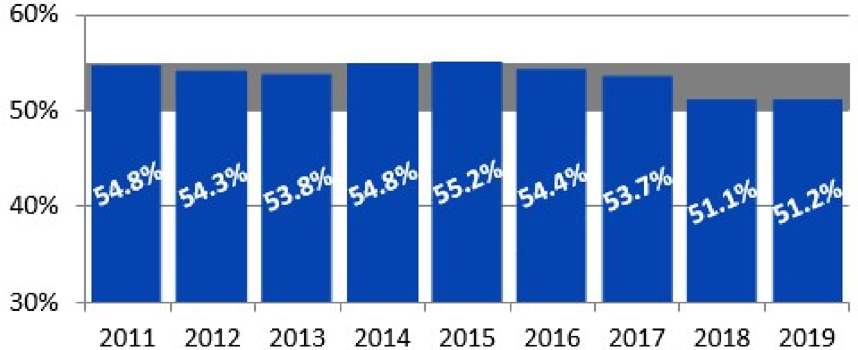
	Fitch	Moody's	S&P
Senior Secured Rating	A	A3	A-
Senior Unsecured Rating	A-	Baa2	BBB
Commerical Paper	F2	Prime-2	A-2
Outlook	Negative	Stable	Stable

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

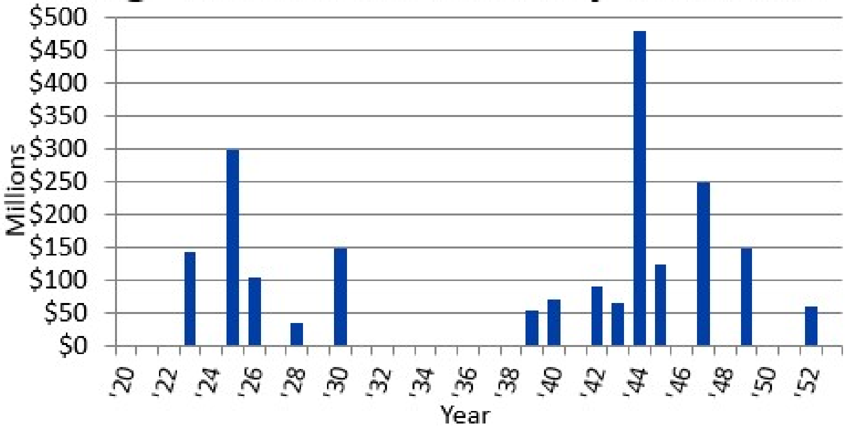


Debt to Capital Ratio



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

Long-Term 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.

*Liquidity target increased to $200 million due to economic conditions impacted by COVID-19.

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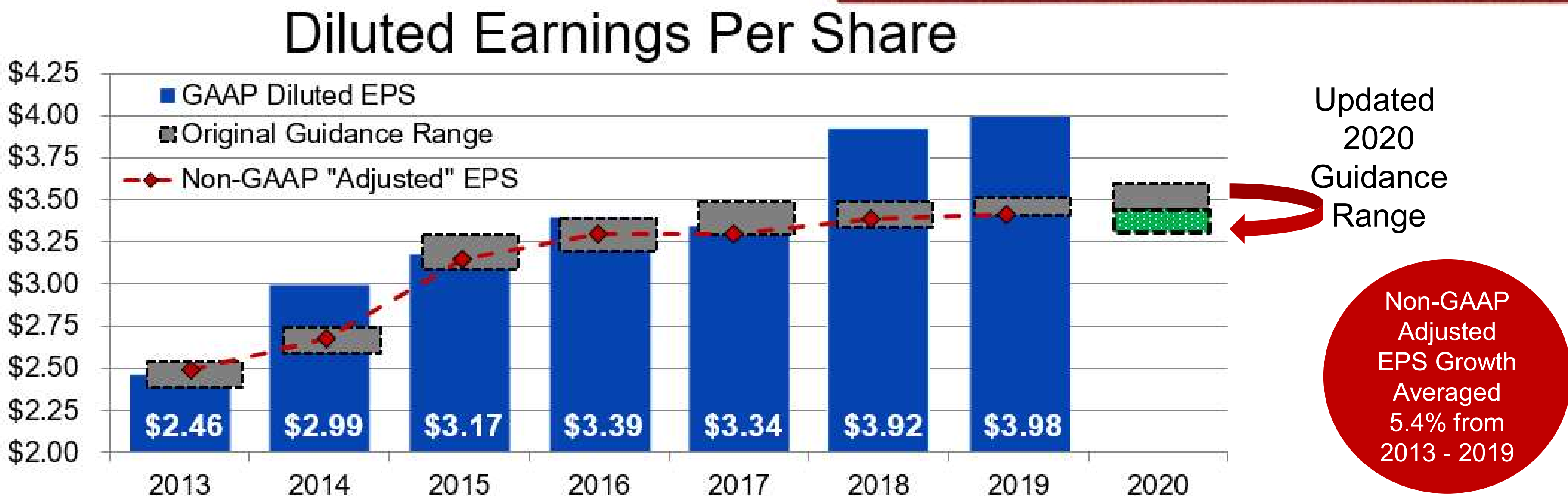
Earnings Growth



NorthWestern is affirms its 2020 previously revised earnings guidance range of $3.30 to $3.45 per diluted share based upon, but not limited to, the following major assumptions and expectations:

- **COVID-19 related business slowdowns and closures in our service territory continue to ease during the fourth quarter of 2020;**
- **Regulatory recovery of COVID-19 related uncollectable account expense;**
- Normal weather for the remainder of the year in our electric and natural gas service territories;
- A consolidated income tax rate of approximately (5%) to 0% of pre-tax income; and
- Diluted shares outstanding of approximately 50.8 million.

Continued investment in our system to serve our customers and communities is expected to provide a targeted long-term earnings per share growth rate of 3%-6%. This coupled with the dividend, currently yielding approximately 5%, is expected to provide a competitive total return to investors.

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

2019 Non-GAAP to 2020 Revised EPS Bridge

After-tax earnings per share increase (decrease)	Actual	Q4 Forecast			Full Year: Earnings Bridge (@ Q3 Earnings)			Full Year: Earnings Bridge (@ Q2 Earnings)		
	Q1 - Q3	Low	-	High	Low	-	High	Low	-	High
2019 Non-GAAP Diluted EPS	**$2.24**	**$1.18**		**$1.18**	**$3.42**		**$3.42**	**$3.42**		**$3.42**
2020 Earnings Drivers										
Gross margin	($0.25)	$0.08	-	$0.14	($0.17)	-	($0.11)	($0.09)	-	($0.03)
OG&A expense	0.18	0.06	-	0.09	0.24	-	0.27	0.21	-	0.24
Property & other tax expense	(0.05)	(0.11)	-	(0.10)	(0.16)	-	(0.15)	(0.16)	-	(0.15)
Depreciation expense	(0.07)	(0.02)	-	(0.02)	(0.09)	-	(0.09)	(0.11)	-	(0.11)
Interest expense	(0.02)	(0.01)	-	0.00	(0.03)	-	(0.02)	(0.04)	-	(0.03)
Other income	0.01	0.00	-	0.01	0.01	-	0.02	0.03	-	0.04
Incremental tax impact*	0.03	0.05	-	0.09	0.08	-	0.12	0.04	-	0.08
Subtotal of anticipated changes	($0.17)	$0.05	-	$0.21	($0.12)	-	$0.04	($0.12)	-	$0.04
2020 EPS Non-GAAP Estimate	**$2.07**	**$1.23**		**$1.39**	**$3.30**		**$3.46**	**$3.30**		**$3.46**
Dilution from higher share count	-			($0.01)	-		($0.01)	-		($0.01)
2020 EPS Estimate (post equity dilution)	**$2.07**	**$1.23**		**$1.38**	**$3.30**		**$3.45**	**$3.30**		**$3.45**
2020 Non-GAAP Adjusted Diluted EPS (Midpoint)						**$3.38**			**$3.38**	

* 2020 earnings drivers shown above are calculated using a 25.3% effective tax rate. The incremental tax impact line included above reflects anticipated changes in discrete tax items (such as tax repairs and meter deductions, production tax credits, and other permanent or flow-through items) from 2019 actual earnings to 2020 forecast.

Since second quarter earnings, the primary change reflected in the earnings bridge above is due to prolonged Covid-19 related impacts; including lower gross margin offset by lower OG&A and increased income tax benefits.

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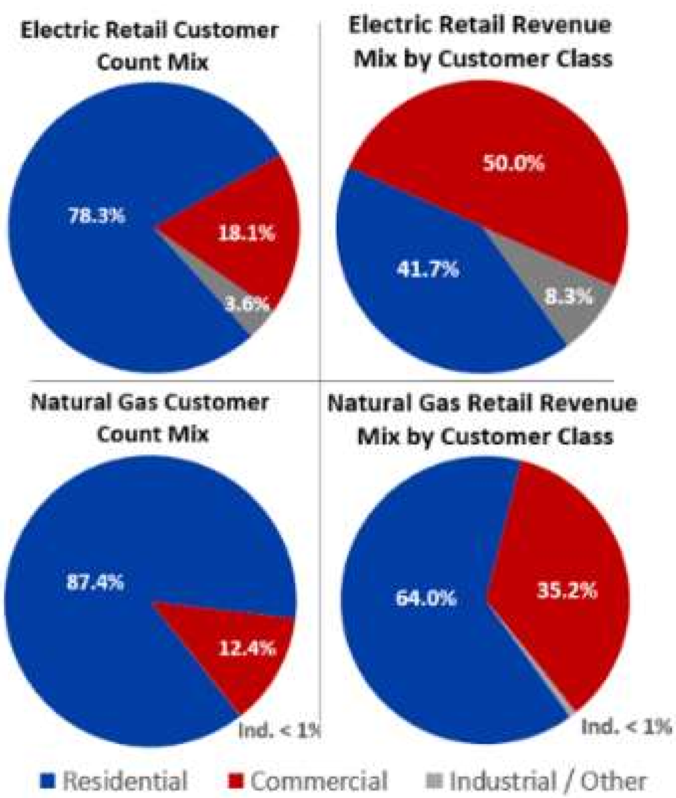
COVID-19: Margin Expectations

Covid-19 impacts on gross margin continued into the third quarter with all three customer classes impacted more than forecasted - residential up and commercial and industrial down. Industrial load was incrementally impacted by non-COVID related closures of a few industrial customers. These customers, who do not procure supply from NorthWestern, account for a significant potion of volumes but have a less material impact on gross margin.

For the third quarter, we estimate the gross margin detriment of Covid-19 to be $2 million - $3 million.

Electric: High-Level COVID Load Impacts vs Planned 2020 Loads

	Second Quarter		Third Quarter		Fourth Quarter	
	Forecast	Actual	Forecast	Actual	Original Forecast	Updated Forecast
Residential	4.0%	3.3%	1.5%	5.4%	0.3%	2.0%
Commercial	(12.0%)	(11.0%)	(4.5%)	(8.9%)	(0.8%)	(4.0%)
Industrial	(4.0%)	(1.2%)	(1.5%)	(17.3%)	(0.3%)	(9.0%)



COVID-19: Expense Expectations

Expenses we expect to increase:
- Bad debt expense
  - We assume significant recovery through a regulatory mechanism
- COVID related charitable contributions

Expenses we expect to decrease:
- Distribution customer work
- Contract services and material costs
- Fleet fuel costs
- Travel and employee education
- Lower benefits and incentive pay

Estimate of Covid Impacts	Second Quarter			Third Quarter		
(millions)	Low		High	Low		High
Gross Margin	($3.0)	-	($4.0)	**($2.0)**	-	**($3.0)**
Operating Expense						
Medical	(0.9)	-	(0.9)			
Labor	(0.7)	-	(0.7)	(0.4)	-	(0.4)
Travel & training	(1.2)	-	(1.2)	(0.8)	-	(0.8)
Uncollectible accounts	3.1	-	3.1	2.4	-	2.4
Total Operating Expense	0.3	-	0.3	**1.2**	-	**1.2**
Operating Loss	(3.3)	-	(4.3)	**(3.2)**	-	**(4.2)**
Interest expense	(0.7)	-	(0.7)	0.0	-	0.0
Pretax Loss	(4.0)	-	(5.0)	**(3.2)**	-	**(4.2)**
Income tax benefit	1.0	-	1.3	0.8	-	1.1
Net Loss	($3.0)	-	($3.7)	**($2.4)**	-	**($3.1)**
ETR	25.3%		25.3%	25.3%		25.3%
Diluted Shares	50.6	-	50.6	50.7	-	50.7
Diluted EPS	($0.06)	-	($0.07)	**($0.05)**	-	**($0.06)**

Areas unchanged but will monitor and manage appropriately
- Capital spending still expected at approximately $400 million
- Supply chain – No significant issues anticipated as nearly all vendors in USA
- Staffing levels – No layoffs expected and still hiring for critical positions

Estimated Covid related expense reductions were generally in line with our expectations. However, without an approved recovery mechanism in place, increased uncollectable accounts expense and increased interest expense from higher liquidity needs more than offset Covid related savings.

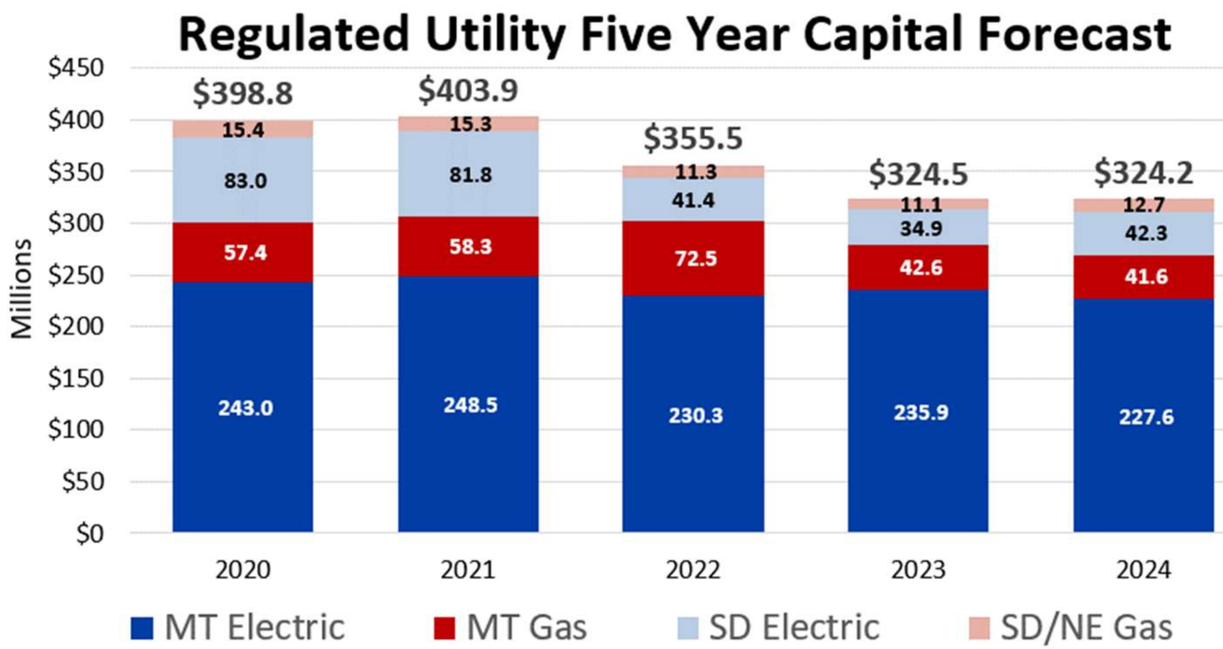

Belt Creek - Montana

Maintaining Capital Investment Forecast

$1.8 billion of total capital investment over five years

We anticipate financing this capital with a combination of cash flow from operations (aided by NOLs available into 2021), first mortgage bonds and equity issuances.

We expect to issue equity in 2021 to maintain and protect our current credit ratings in balance with our current capital expenditure plans.



$ Millions	2020	2021	2022	2023	2024
Electric	$ 326.1	$ 330.3	$ 271.7	$ 270.8	$ 269.9
Naural Gas	72.7	73.6	83.8	53.7	54.4
Total Capital Forecast	$ 398.8	$ 403.9	$ 355.5	$ 324.5	$ 324.2

Based on the results of the recent competitive solicitation process in South Dakota, $80 million of incremental investment for SD generation is included above (spread between 2020-2021). Capital projections above do not include investment necessary to address other identified generation capacity issues in Montana. These additions could increase the capital forecast above in excess of $200 million over the next five years.

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Looking Forward (Regulatory)

- We submitted accounting order requests in Montana and South Dakota to allow for the **deferral of uncollectible accounts expense in excess of amounts currently recovered**. The SDPUC issued an order in August 2020 authorizing deferral of costs for possible recovery through future rates. The MPSC held a work session in October 2020 and we expect a final order during the fourth quarter of 2020.

- The MPSC recently approved a pilot **Fixed Cost Recovery Mechanism (FCRM)** effective July 1, 2020. We asked the MPSC to delay the start of the pilot for one year until July 1, 2021 due to the uncertainty created by the COVID-19 pandemic. <u>The MPSC granted the requested one-year delay of implementation</u> but requested 'shadow accounting' to inform the commission of the impacts had the FCRM been implemented as scheduled.

- In June 2019, the **FERC** issued an order accepting our **filing of Montana transmission assets**, granting interim rates, establishing settlement procedures and terminating our related Tax Cuts and Jobs Act filing. A settlement judge has been appointed and settlement negotiations are ongoing. <u>We expect to submit a compliance filing with the MPSC upon resolution of our case adjusting the FERC credit in our retail rates</u>.

- NorthWestern's **application to acquire an additional 92.5MW of Colstrip Unit 4** for $0.50 from Puget Sound Energy has been filed with the MPSC. A hearing on Puget's sale application before the Washington Utilities Commission is scheduled for November 2020 and a hearing for our application before the MPSC is scheduled for December 2020. <u>We expect a decision from the MPSC in the first quarter of 2021.</u>

- Each year we submit **filings for recovery of electric, natural gas and property taxes**. The respective commissions review these tracker filings and make cost recovery determinations based on prudency.

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Looking Forward (Other)

Electric Resource Planning

- South Dakota: Construction is underway for a 60MW flexible reciprocating internal combustion engines in Huron, SD to be online in late 2021 with a construction cost of approximately $80 million.
- Montana: Initial bids from the February 2020, 280 MW, competitive solicitation were submitted in July 2020. Engineering, procurement and construction bids were submitted on our behalf for long-duration flexible capacity in excess of 200 MWs. The bids are under evaluation by an independent party, and we expect the successful project(s) to be selected and announced by the first quarter of 2021 and to be online in 2023.

Continue to Invest in our Transmission & Distribution Infrastructure

- Infrastructure investment focused on a stronger and smarter grid to improve the customer experience, while enhancing grid reliability and safety. This includes automation in distribution and substations that enables the use of changing technology.
- Integrating supply resources that balance reliability, cost, capacity, and sustainability considerations with more predictable long-term commodity prices.

Planned entry into the Western Energy Imbalance Market (EIM)

- Anticipated April 2021
- Real-time energy market could mean lower cost of energy for Montana customers, more efficient use of renewables and greater power grid reliability.

Western Energy Imbalance Market (EIM)

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ESG Publications

Environmental

Environmental Report

http://www.northwesternenergy.com/environment/our-environment

Social

Code of Conduct

http://www.northwesternenergy.com/docs/default-source/documents/corporategovernance/code-of-conduct.pdf

Community Works Report

http://www.northwesternenergy.com/community-works/community-works

Governance

Annual Report

http://www.northwesternenergy.com/our-company/investor-relations/annual-reports

Proxy Statement

http://www.northwesternenergy.com/our-company/investor-relations/proxy-materials

These five documents provide valuable insight in NorthWestern Energy's Environmental, Social and Governance (ESG) Sustainability practices.

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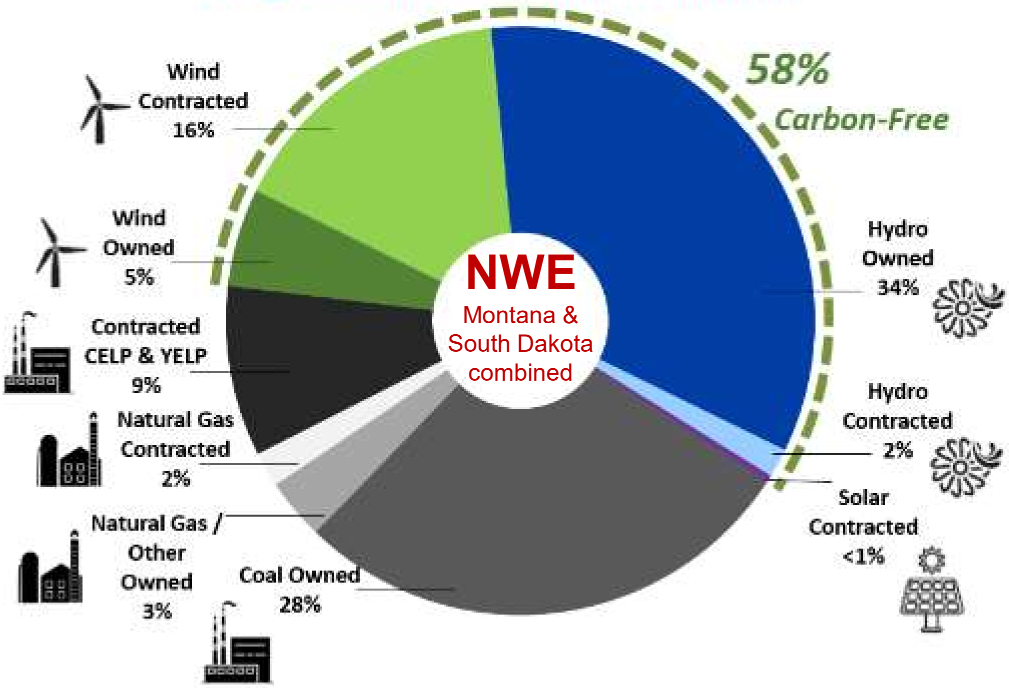
ESG - Environmental

2019 Electric Generation Portfolio



Based upon 2019 MWH's of owned and long-term contracted resources.

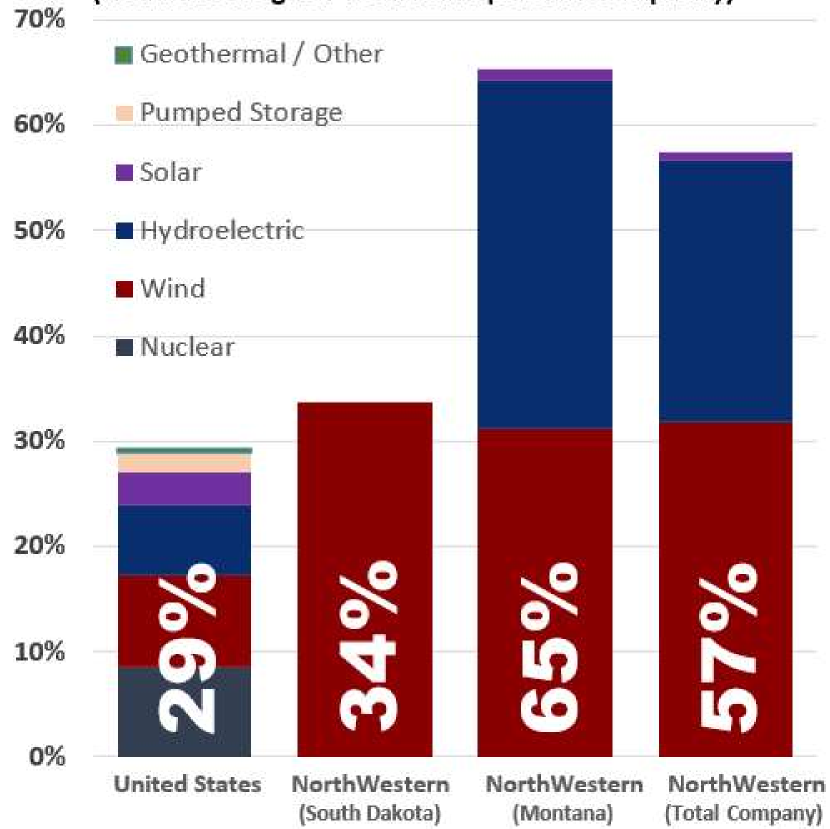
58% of NorthWestern Energy's 2019 Electric Generation Portfolio Delivered was Carbon-Free
(based on megawatt hours)


Mystic Dam


Beethoven Wind Farm

2019 Carbon-Free Owned & Long Term Contracted Nameplate Generation Resources

(As a Percentage of Total Nameplate MW Capacity)



57% Carbon Free Nameplate Portfolio vs 29% National Average in 2019
(based nameplate megawatts)

ESG - Social

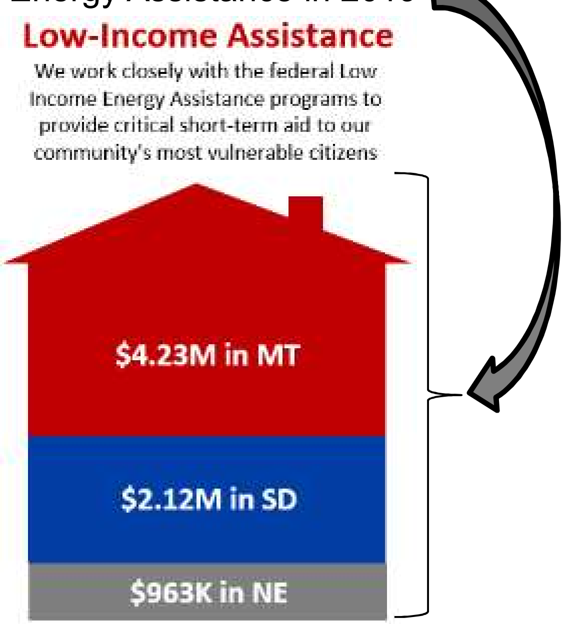
Community

$2.1 Billion Economic Output in 2019 ($1.88B in Montana & $268M in SD/NE) CIRCLE ANALYTICS

$2.1 million Donations, Sponsorships & Economic Development in 2019

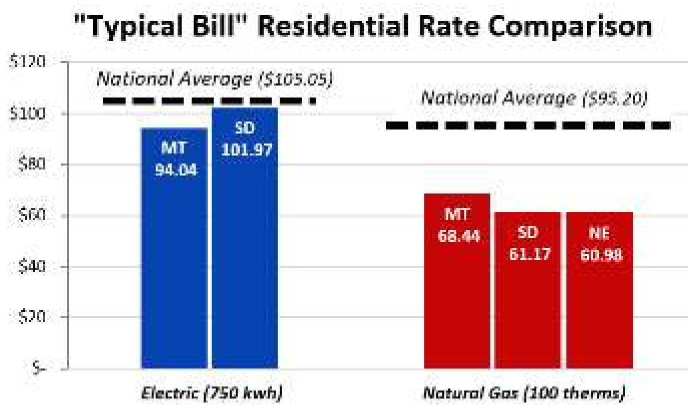
112 Number of nonprofits that received grants through Employee Volunteer Program

$7.3 Million Low-Income Energy Assistance in 2019

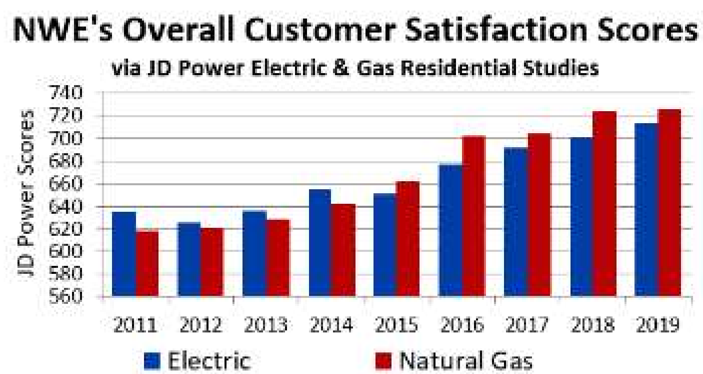


Customers

Typical Residential Bills Lower than National Average



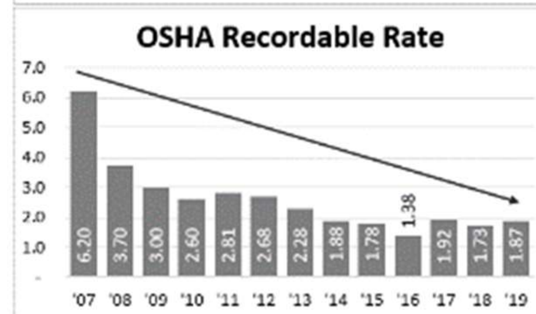
Building on Our Best – Improved Customer Satisfaction Scores



Over the last 13 years, our energy efficiency programs have helped customers save 685,041 MWh's of energy – enough to power 76,000 homes for a year.

Employees

Safety Culture Transformation



Strong Engagement

86% of employees are proud to work for NorthWestern Energy

SpencerStuart

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ESG - Governance

5th Best Score Among 50 Publicly Traded North American Utility and Power Companies by Moody's Investment Services on Best Governance Practices

Corporate Governance

What We Do:

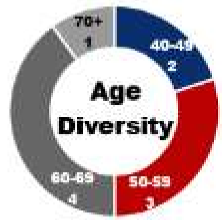
- Annual election of all directors.
- Majority vote plus resignation standard in uncontested elections. If a director receives more "WITHHOLD AUTHORITY" votes than "FOR" votes, the director must submit a resignation for the Board to consider.
- Allow shareholders owning 25 percent of our shares to call a special meeting.
- Independent Board of Directors, except our CEO.
- Independent Board Chair.
- Each of our Board committees (audit, compensation, and governance) is made up solely of independent directors.
- Committee authority to retain independent advisors, which will be paid for by the company.
- Code of Conduct and Ethics. Applies to all employees and Board, with a separate Code of Ethics for Chief Executive Officers and Senior Financial Officers concerning financial reporting and other related matters.
- Robust stock ownership guidelines for executive officers and directors.

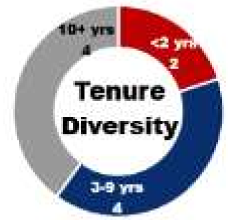
What We Don't Do:

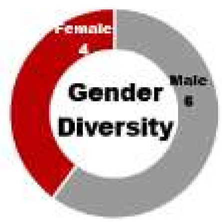
- Poison pill or a shareholder rights plan.
- Hedging of company securities.
- Corporate political contributions.
- Supermajority voting, except to approve certain business combinations or mergers.

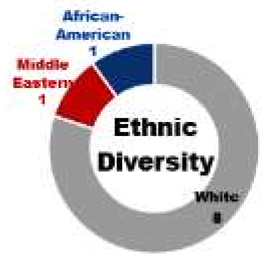
Diverse Leadership

Board of Directors

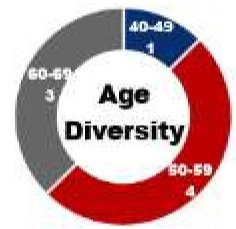


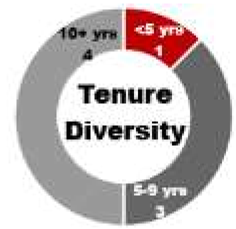


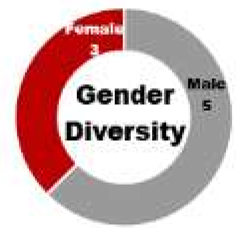




Executive Team







Other Recent Governance Recognition

20 / 20 – Women on Boards

Recognized for gender diversity on its board of directors by 2020 Women on Boards. Four of the company's ten directors are female.

Corporate Governance Award Winner

NorthWestern Corporation's proxy statement has won governance awards – *Best Proxy Statement (Small to Mid-Cap)* by Corporation Secretary magazine (2014 & 2019) and *Exemplary Compensation Discussion and Analysis* from NYSE Governance Services (2014) and NorthWestern was recognized as a finalist by Corporate Secretary magazine in the same category for our '12, '13, '16, '17 & '18 statements

CEO Pay Ratio To Average Employee Salary

NWE

27:1

All Utilities Average

58:1

Peer Group Average

37:1

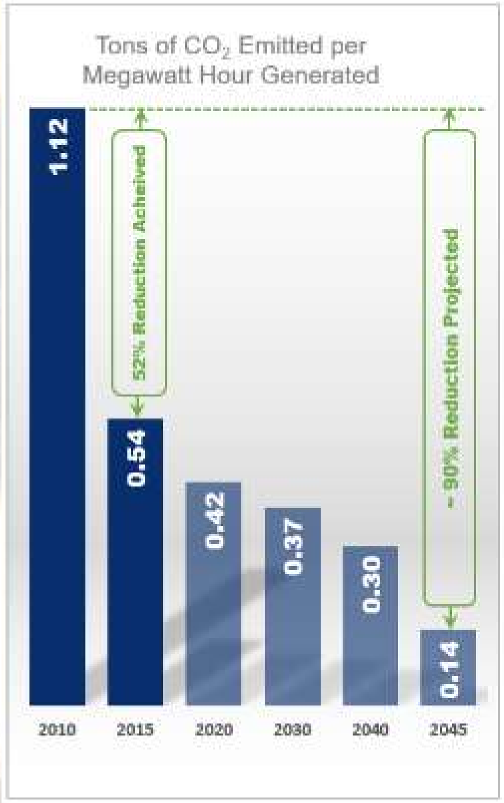
Our Carbon Reduction Vision for NorthWestern Energy in Montana

1

90% carbon reduction by 2045

NorthWestern Energy commits to reduce the carbon intensity of our electric energy portfolio for Montana 90% by 2045.*

** As compared with our 2010 carbon intensity as a baseline*



2

Already over 60% carbon free

Today, NorthWestern Energy serves Montana with an electric portfolio that is over 60% carbon free and more than two times better than the total U.S electric power industry (28% carbon free – 2018 metric). Over the last decade, we have already reduced the carbon intensity of our energy generation in Montana by more than 50%.

3

How we're going to get there

Our vision for the future builds on the progress we have already made. Already, the foundation of our energy generation is our hydro system, which is 100% carbon free and is available 24 hours a day, 365 days a year. Wind generation is a close second and continues to grow. While utility-scale solar energy is not a significant portion of our energy mix today, we expect it to evolve along with advances in energy storage. We are committed to working with our customers and communities to help them achieve their sustainability goals and add new technology on our system.

Conclusion

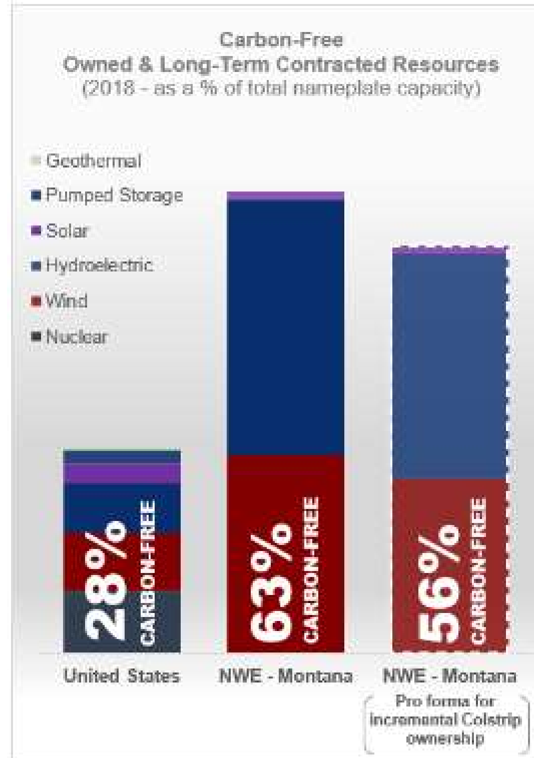

Pure Electric & Gas Utility
Solid Utility Foundation
Best Practices Corporate Governance
Attractive Future Growth Prospects
Strong Earnings & Cash Flows

Delivering a **bright future**

NorthWestern® Energy

CU4 Acquisition - Customer & Community Considerations

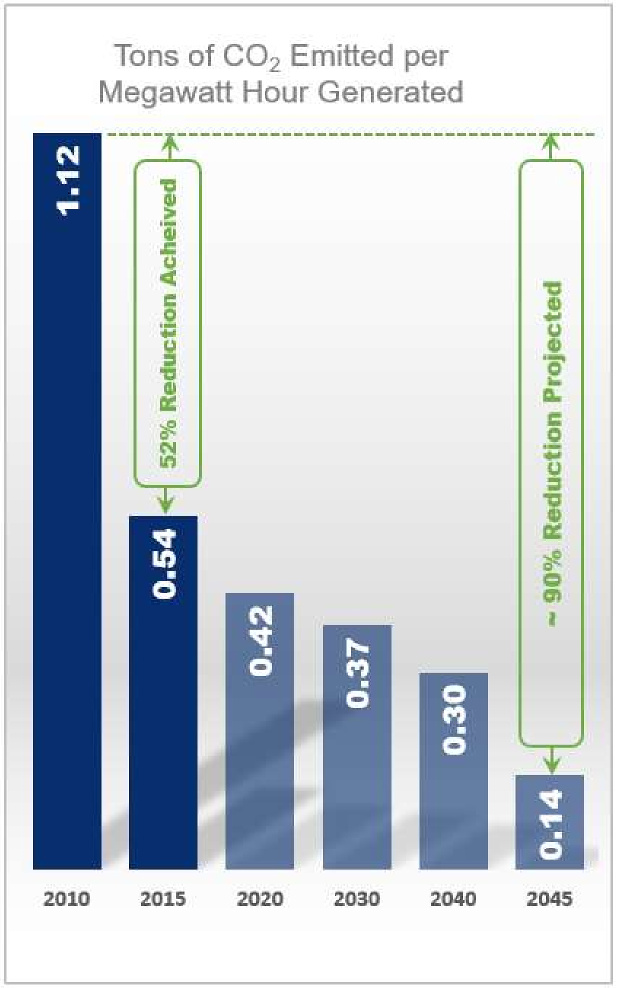
- Affordable Capacity: Acquiring a larger share of Colstrip will reduce exposure to market prices and keep energy & capacity affordable. Customer bills are expected to stay flat as a result of the transaction. Increased operating cost due to increased ownership percentage is expected to be offset by lower purchased power costs.
- Provides Reliability and Safety: Greater ownership of CU4 will expand access to around-the-clock capacity that can meet sudden increases in demand, such as when Montana experiences extremely cold temperatures – oftentimes when the wind isn't blowing and the sun isn't shining. This larger share will help keep homes warm and the lights on.
- Economic Viability: This transaction is a first step in preserving good-paying jobs in Colstrip and across the state while providing critical local and state tax dollars.
- Minimal Environmental Impact: There will be **no new carbon emissions in Montana** as a result of our owning a greater share of CU4. In fact – as shown in the chart to the right, even if we acquired the full 185 MW, ignoring Talen's right of first refusal, NWE Montana will still be twice as 'green' (56%) as the total U.S. electric power industry (28%) on a nameplate basis.



- Funding for Future Costs: Net benefits from the transaction and net proceeds from the 5 year PPA will be placed in a fund and applied against future costs related to NorthWestern's existing 30% ownership in CU4.
- Colstrip Transmission System is a critical backbone to serve our customers; allows energy import to serve industry, as Colstrip Units 1 and 2 close; and is an export path for Montana-based renewable development.

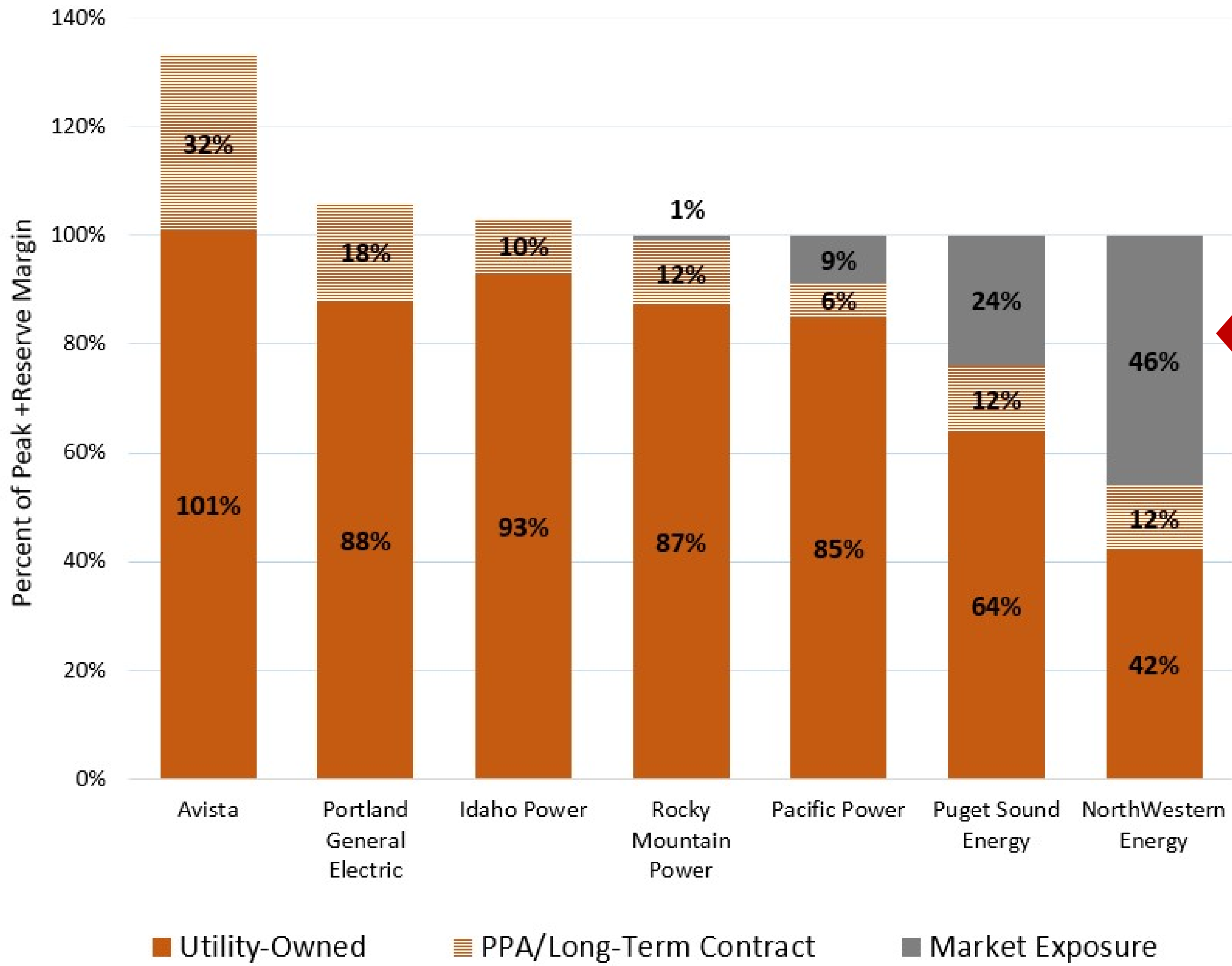
CU4 Acquisition - Investor & Credit Considerations

- Protects Existing Ownership Interests: Increased ownership of CU4 provides greater say in future capital decisions to ensure the plant continues to operate and meet all environmental guidelines. Per the Joint Owners Agreement, closure of Colstrip Units 3 and 4 requires a unanimous decision of owners.
- Limited Additional Exposure on Incremental Ownership: PSE will continue to be responsible for existing environmental liabilities up to the point of sale and future remediation costs according to its pre-transaction 25% joint ownership in Colstrip Unit 4.
- Limited Impact on Customers' Bills: Resolves a significant portion of the estimated 725 MW of capacity deficit and limits exposure of customers to high and volatile market prices.
- Financial Implications: Predicated on MPSC Pre-Approval, the transaction is anticipated to be earnings neutral and credit supportive (reduced energy purchases and incoming proceeds from 90MW PPA).



- Provides a Bridge to Future Generation Technologies: The region is quickly reaching a point where there may not be enough capacity during critical peak-demand times. This transaction will help meet the immediate needs of our customers while allowing time to work with stakeholders across our state to build a plan for a cleaner energy future. **We are committed to a strategy that will work for all Montanans and enable us to reach our targeted 90% reduction in CO_2 intensity by 2045, as shown in the chart above.**

NWE Capacity as compared to Regional Peers



NWE's capacity deficit exposes our customers to greater market exposure (price and availability) than any of our regional peers.

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CU4 Acquisition - General Transaction Structure

PSE retains environmental & pension liabilities as of transaction close and responsibility for decommissioning and remediation costs at time of eventual facility closure.

NWE

12.5% or 92.5MW of Colstrip Unit 4

$0.50 purchase price

PSE

NWE

Approx. 5% of Colstrip Transmission System

Estimated $2.75 - $3.75 million purchase price

PSE

NWE

Approx. 5 year, 45 MW purchase power agreement

45 MWs of Electricity

PSE

100% of net proceeds from 45 MW PPA and 90% of savings in PCCAM costs (as compared to the baseline) are applied to a Reserve Fund to provide towards NorthWestern's existing 30% ownership.

47.5MW of Electricity

NWE Customers

Updated to reflect Talen Energy's Right of First Refusal.

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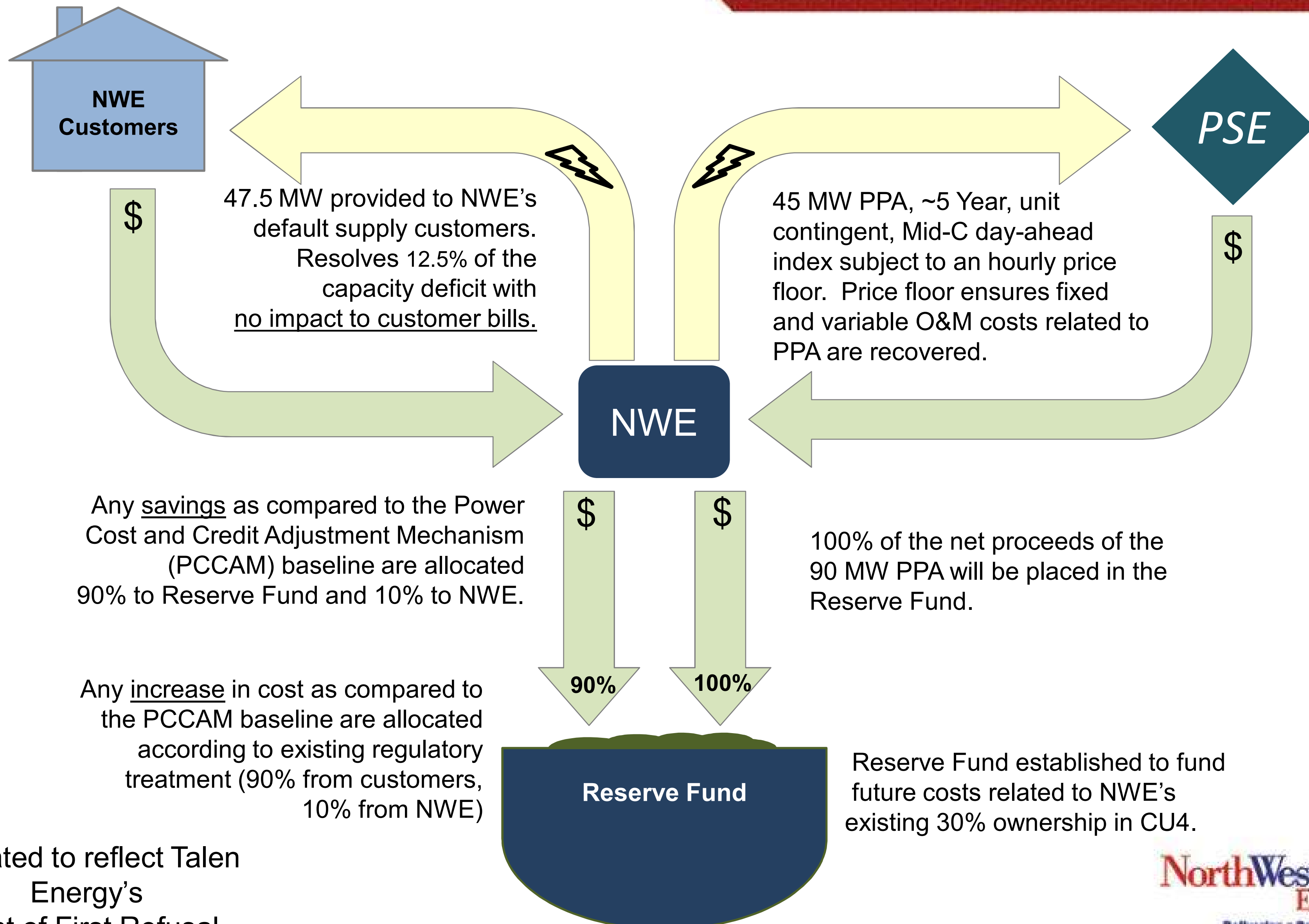
CU4 Acquisition - Proposed Post-Closing Structure



Updated to reflect Talen Energy's Right of First Refusal.

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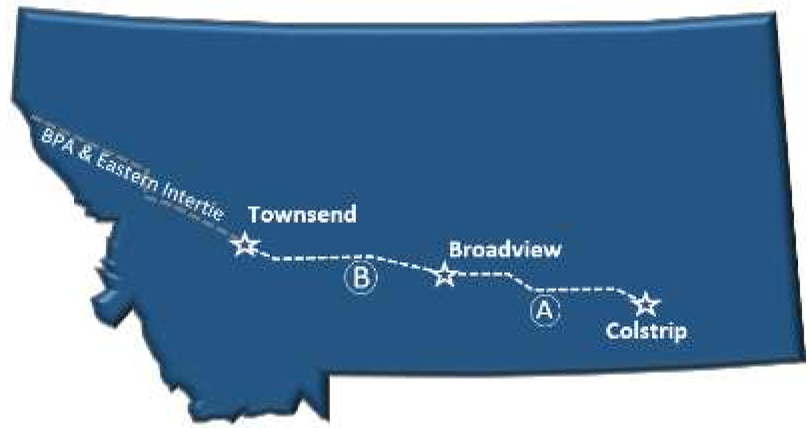
Existing Colstrip Ownership

Colstrip Power Plant

Facility Owner (%)	Unit 1	Unit 2	Unit 3	Unit 4
AVISTA Corporation	-	-	15%	15%
NorthWestern Energy	-	-	-	30%
PacifiCorp	-	-	10%	10%
Portland General	-	-	20%	20%
Puget Sound Energy	50%	50%	25%	25%
Talen Energy	50%	50%	30%	-
Total	**100%**	**100%**	**100%**	**100%**

Facility Owner (MW)	Unit 1	Unit 2	Unit 3	Unit 4
AVISTA Corporation	-	-	111.0	111.0
NorthWestern Energy	-	-	-	222.0
PacifiCorp	-	-	74.0	74.0
Portland General	-	-	148.0	148.0
Puget Sound Energy	153.5	153.5	185.0	185.0
Talen Energy	153.5	153.5	222.0	-
Total	**307.0**	**307.0**	**740.0**	**740.0**

Colstrip Transmission System



System Owner	Segment A	Segment B
AVISTA Corporation	10.2%	12.1%
NorthWestern Energy	36.4%	24.3%
PacifiCorp	6.8%	8.1%
Portland General	13.6%	16.2%
Puget Sound Energy	33.0%	39.3%

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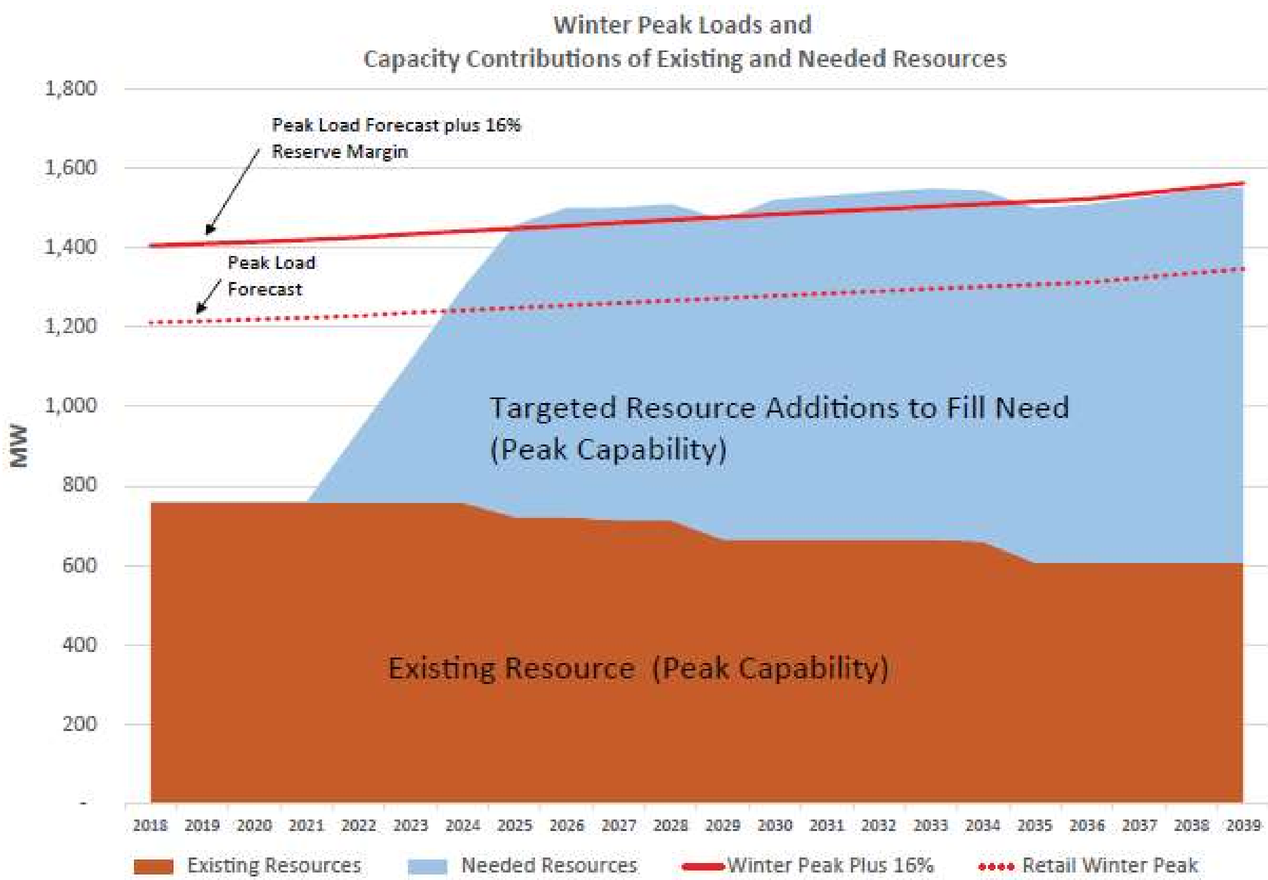
Significant Capacity Deficit in Montana

NorthWestern Energy's current resources provide about 755 MW of peaking capacity, which is the energy available during periods of our customers' highest demand. An additional 645 MW of peaking capacity must currently be purchased from the market to meet our needs. Without new capacity, the market exposure will increase to about 725 MW by 2025 (including reserve margins). This need assumes continued development of cost effective demand side management (conservation) and small distributed generators (net-metering). Meeting peak load with market purchases means being exposed to the market at the worst possible time – when the market is most volatile and prices are high.



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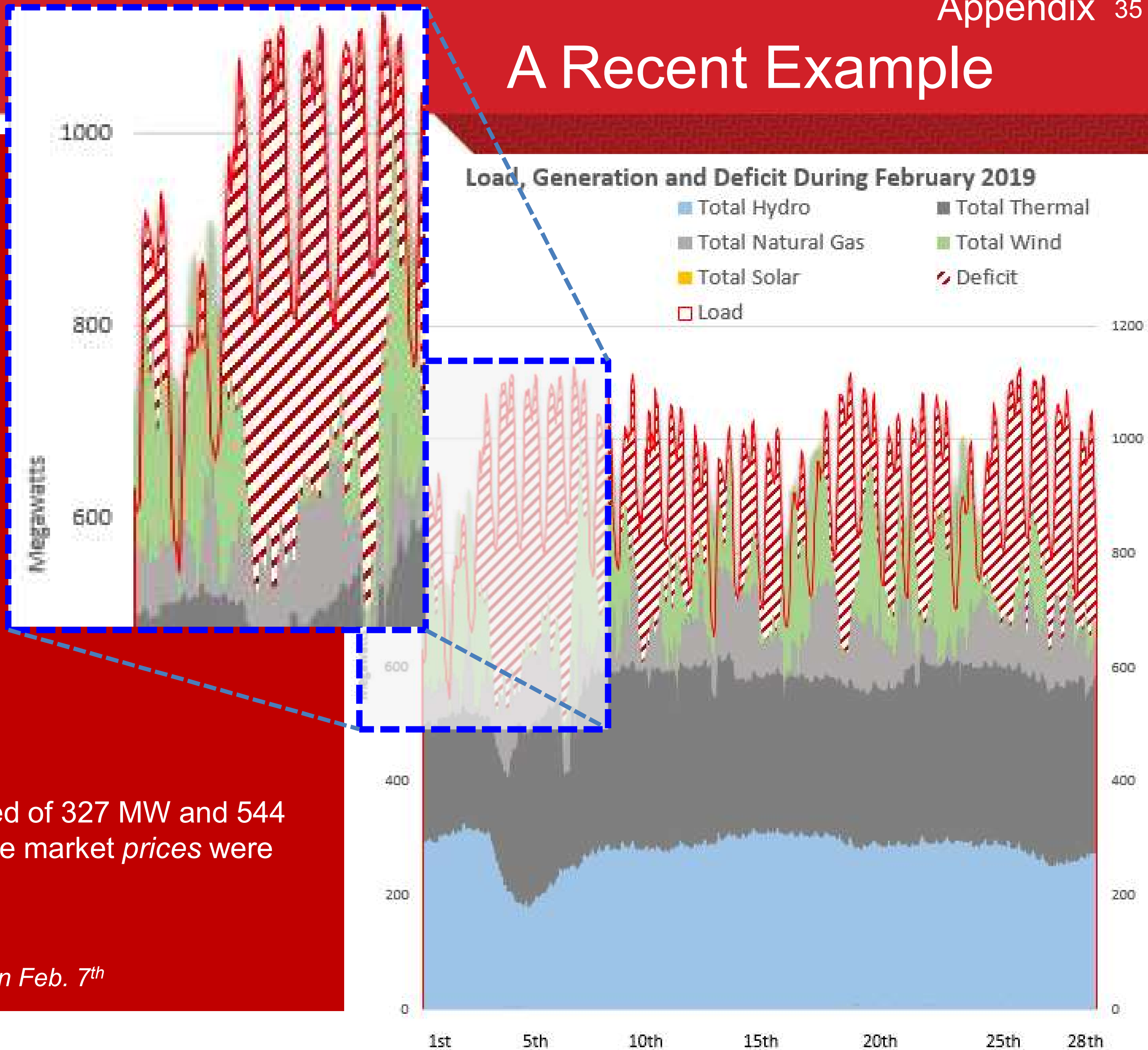
A Recent Example

In early February, 2019, NorthWestern experienced a nearly **five day span*** when the wind didn't blow and the sun was scant.

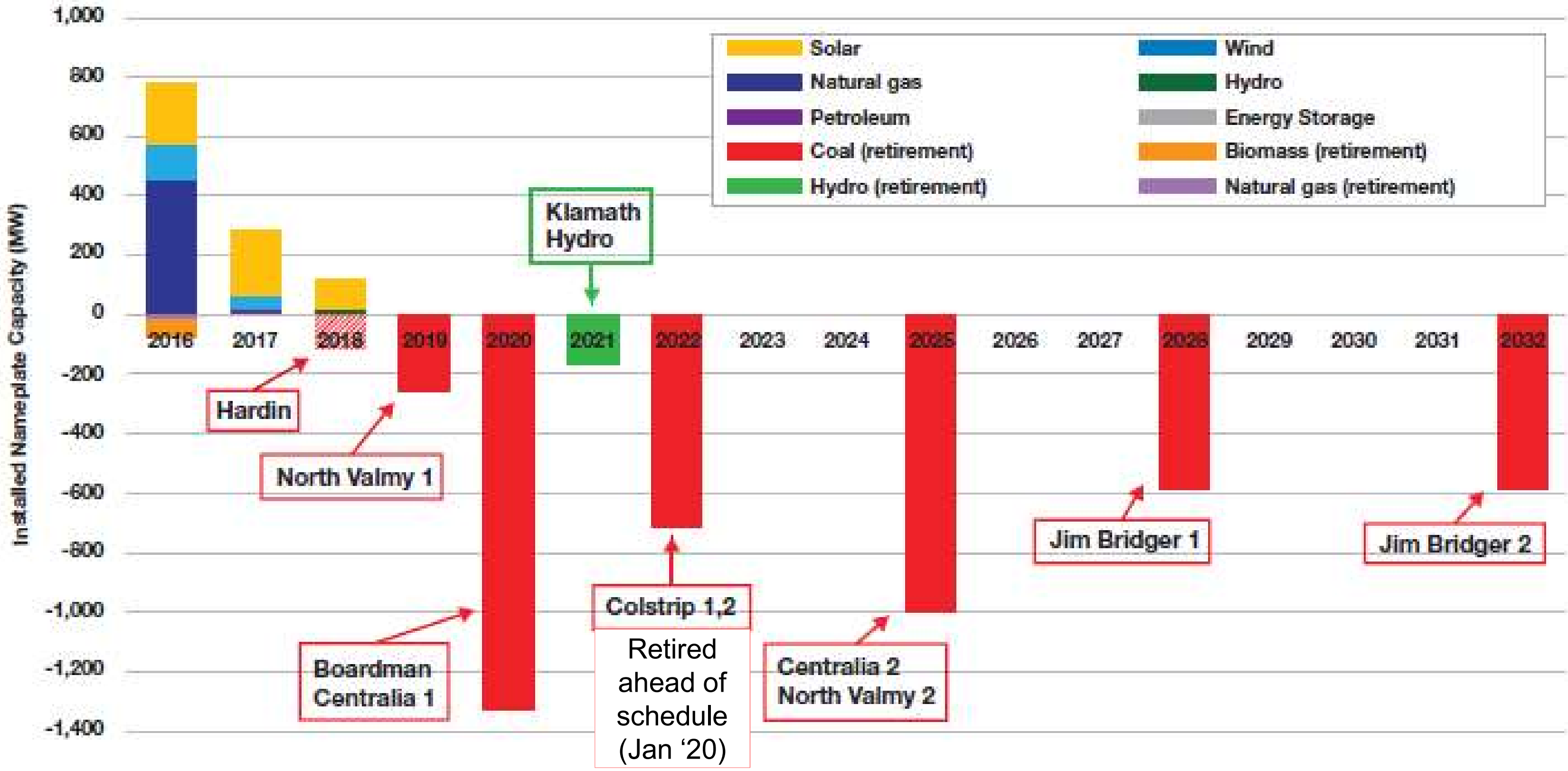
We were forced to rely upon an already strained market and transmission system for a significant amount of our required capacity (shown in red hatch).

We had an average need of 327 MW and 544 MW peak need when the market *prices* were also peaking.

** 6am on Feb. 3rd – 10pm on Feb. 7th*



Significant Capacity Retirements in the Pacific NW

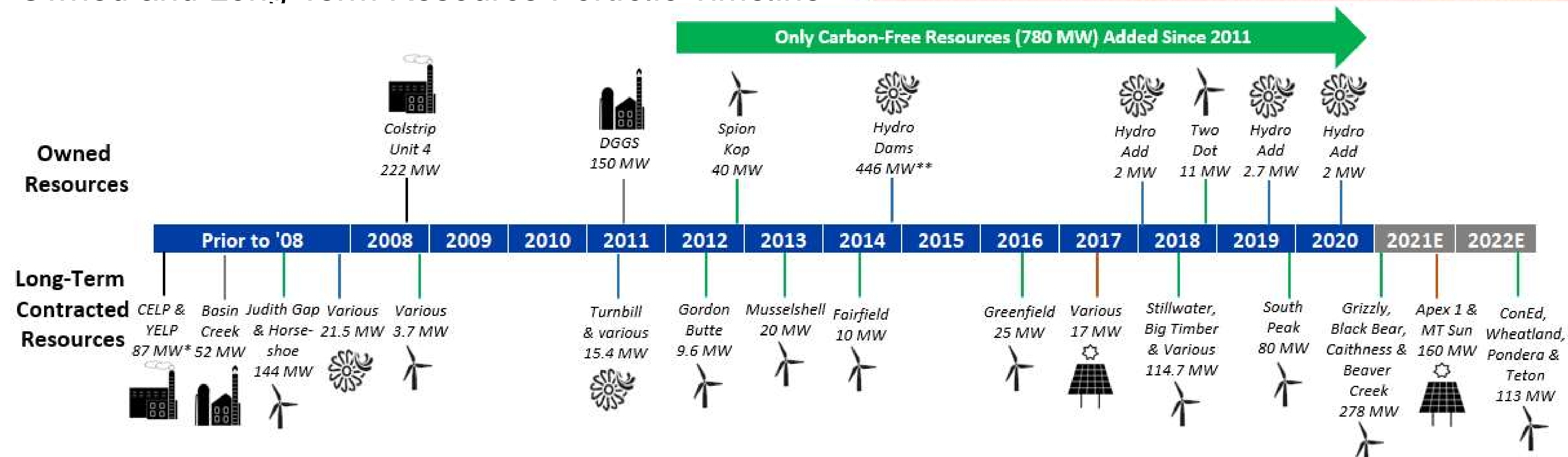


Source: Northwest Power and Conservation Council. Note: Hardin is idle, but has not been retired.

Planned retirements in the Pacific Northwest region exceed 3,600 MW and the Northwest Power and Conservation Council forecasts regional capacity shortfalls as early as 2021. NorthWestern's continued reliance on the market to purchase energy to fill the gap during peak customer demand will significantly increase price and reliability risk for NorthWestern's customers because of the reduced energy supply availability.

Timeline of Montana Generation Portfolio

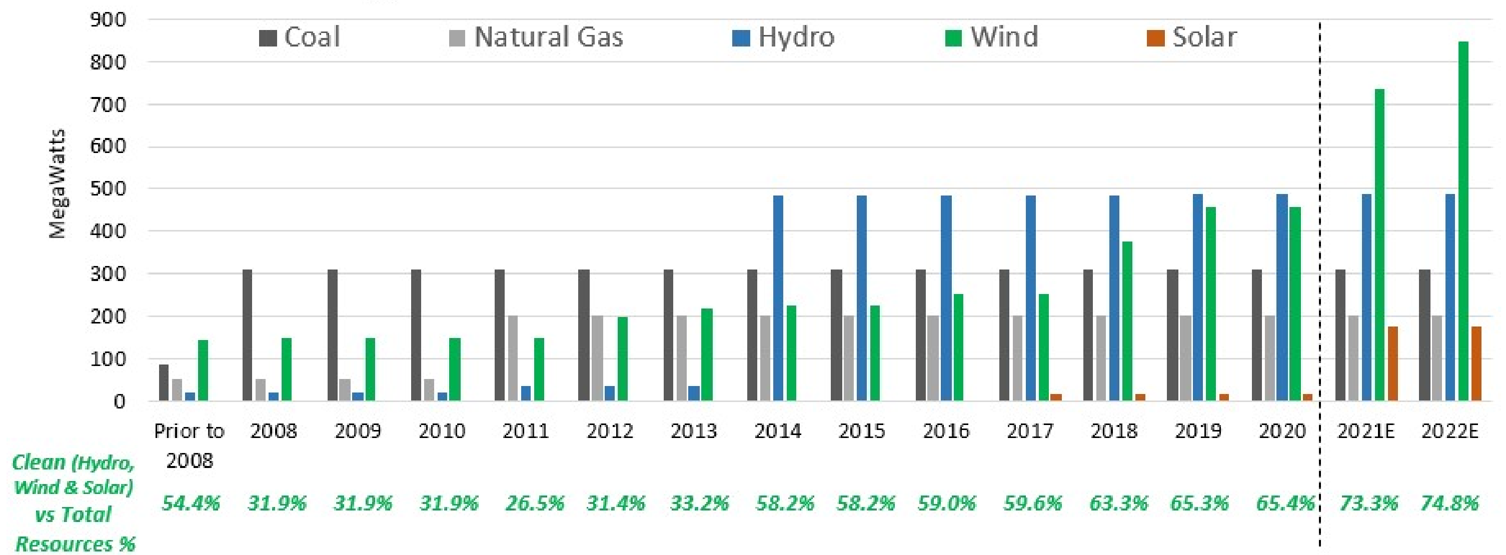
Owned and Long-Term Resource Portfolio Timeline



* CELP (Colstrip Energy Limited Partnership) contract expires in 2024 and YELP (Yellowstone Energy Limited Partnership) expires in 2028

** Hydro dams 446 MW of normal max generation capability (439 MW Nameplate Capacity) excludes 194 MW of Kerr dam which was tansferred to the Salish & Kootenai Tribes in 2015

NorthWestern Energy Montana - Cumulative Timeline of Owned and Contracted Electric Resources

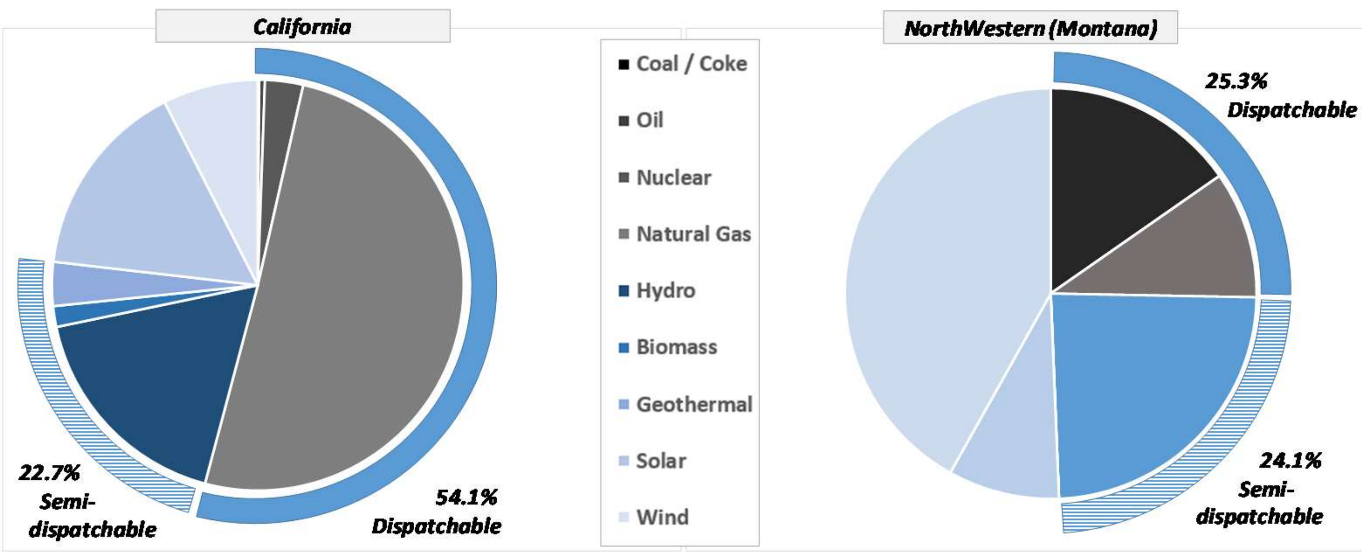


Since 2011, we have added 780 MW of generation, both owned and long-term contract, to our generation portfolio, all of which is from carbon-free resources.

Comparison of Installed Capacity

Comparison of Installed Capacity (MW) - Dispatchability and Carbon Emitting

	California				NorthWestern Energy (Montana)					
	MW	Percent			MW			Percent		
	2019	of Total	Dispatchable	Non-Carbon	2019	QF Adds	Proforma 2021	of Total	Dispatchable	Non-Carbon
Coal / Coke	91	0.1%	0.1%		309		309	15.3%	15.3%	
Oil	351	0.4%	0.4%		0		0	0.0%		
Nuclear	2,393	3.0%	3.0%				0	0.0%		
Natural Gas	40,382	50.6%	50.6%		202		202	10.0%	10.0%	
Hydro	14,039	17.6%		17.6%	486		486	24.1%		24.1%
Biomass	1,308	1.6%					0	0.0%		
Geothermal	2,760	3.5%		3.5%			0	0.0%		
Solar	12,527	15.7%		15.7%	17	160	177	8.8%		8.8%
Wind	5,973	7.5%		7.5%	455	391	846	41.9%		41.9%
	79,824	100.0%	54.1%	44.2%	1,469	551	2,020	100.0%	25.3%	74.7%



California is dealing with significant capacity issues DESPITE having a greater amount of dispachable generation and fewer renewables than NorthWestern Energy in Montana (as a percentage of the total).

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Capacity Cost Alternatives

Colstrip 185 MW

Capacity 92% Credit

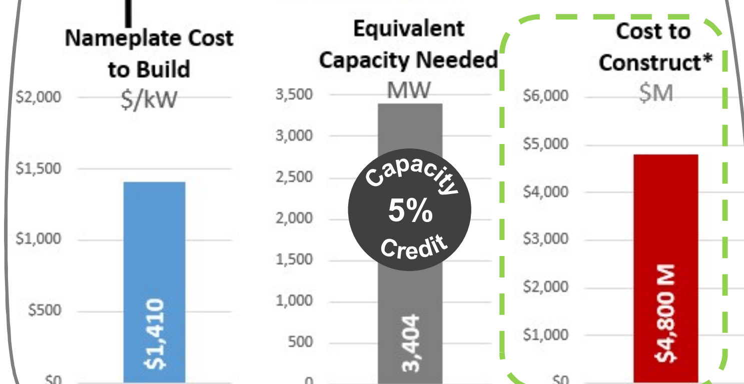
185,000 kW
x 92% capacity credit
170,200 kW of capacity

Purchase price: $1.00

Natural Gas Simple Cycle Plant

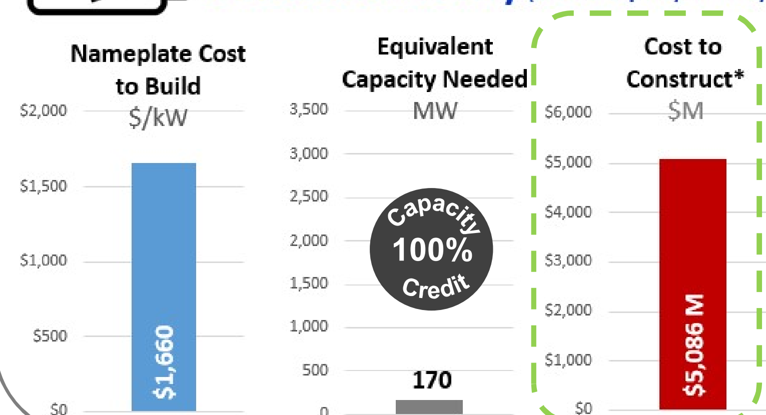
170,200 kW ÷ 97% capacity credit = 175,500 kW
175,500 kW need x $1,361 per kW costs =
$239 Million for equivalent capacity

Wind Farm



170,200 kW ÷ 5% capacity credit = 3,404,000 kW
3,404,000 kW need x $1,410 per kW cost =
$4.8 Billion for equivalent capacity

Lithium Ion Battery (24 Hour Capacity Solution)



170,200 kW ÷ 100% capacity credit = 170,200 kW
170,200 kW x $1,660 per kW = $282.5 Million per four-hour battery bank
$282.5 Million x 18 batteries banks =
$5.1 Billion for 72 hours of battery capacity

The 185 MW Colstrip Unit 4 purchase would resolve approximately 25% of our estimated 725 MW capacity deficit for $1.00.

Alternative solutions to provide equivalent capacity are estimated to range from roughly $240 million to over $5 billion.

** Cost to Construct based on estimates in NWE's 2019 Electricity Supply Resource Procurement Plan*

Summary Financial Results (Third Quarter)

(in millions except per share amounts)	Three Months Ended September 30,			
	2020	2019	Variance	% Variance
Operating Revenues	$ 280.6	$ 274.8	$ 5.8	2.1%
Cost of Sales	68.0	64.2	3.8	5.9%
Gross Margin [(1)]	**212.6**	**210.6**	**2.0**	**0.9%**
Operating Expenses				
Operating, general & administrative	73.3	77.0	(3.7)	(4.8%)
Property and other taxes	45.3	44.1	1.2	2.7%
Depreciation and depletion	44.3	43.2	1.1	2.5%
Total Operating Expenses	**162.9**	**164.3**	**(1.4)**	**(0.9%)**
Operating Income	**49.7**	**46.4**	**3.3**	**7.1%**
Interest Expense	(23.7)	(23.7)	-	(0.0%)
Other Income (Expense)	0.8	(0.4)	1.2	(300.0%)
Income Before Taxes	**26.8**	**22.2**	**4.6**	**20.7%**
Income Tax Benefit (Expense)	2.7	(0.6)	3.3	550.0%
Net Income	**$ 29.5**	**$ 21.7**	**$ 7.8**	**35.9%**
Effective Tax Rate	(10.1%)	2.5%	(12.6%)	
Diluted Shares Outstanding	50.7	50.8	(0.1)	(0.2%)
Diluted Earnings Per Share	$0.58	$ 0.42	$ 0.16	38.1%
Dividends Paid per Common Share	$ 0.60	$ 0.575	$ 0.025	4.3%

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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 (Third Quarter)

(dollars in millions)

	Three Months Ended September 30,			
	2020	2019	Variance	
Electric	$ 183.0	$ 182.5	$ 0.5	0.3%
Natural Gas	29.6	28.1	1.5	5.3%
Total Gross Margin [(1)]	**$ 212.6**	**$ 210.6**	**$ 2.0**	**0.9%**

Increase in gross margin due to the following factors:

$2.4	Electric retail volumes and demand
(0.5)	Montana electric supply cost recovery
(0.3)	Electric transmission
(0.3)	Natural gas retail volumes
(0.1)	Montana natural gas rates
1.7	Other
$2.9	**Change in Gross Margin Impacting Net Income**
$1.1	Property tax revenue offset in property tax expense
(1.0)	Operating expenses recovered in revenue, offset in operating expense
(1.0)	Production tax credits reducing revenue, offset in income tax expense
($0.9)	**Change in Gross Margin Offset Within Net Income**
$2.0	**Increase in Gross Margin**

Covid-19

We estimate a net $2-3 million impact of lower commercial and industrial usage (demand and loads) partially offset by increased residential usage.

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

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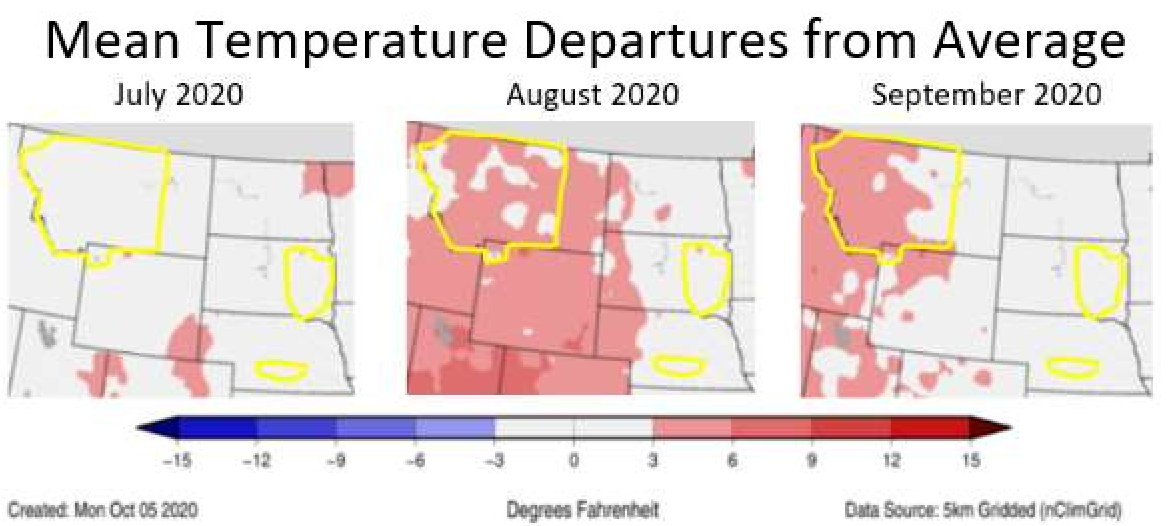
Weather (Third Quarter)

Cooling Degree-Days	Qtr 3 Degree Days			Q3 2020 as compared with:	
	2020	2019	Historic Average	2019	Historic Average
Montana	340	332	351	2% warmer	3% cooler
South Dakota	755	606	639	25% warmer	18% warmer

Heating Degree - Days	Qtr 3 Degree Days			Q3 2020 as compared with:	
	2020	2019	Historic Average	2019	Historic Average
Montana	306	353	336	13% warmer	9% warmer
South Dakota	71	37	86	De minimis	De minimis
Nebraska	40	17	46	De minimis	De minimis



We estimate unfavorable weather in Q3 2020 resulted in a $0.6M pretax detriment as compared to normal and $5.1M pretax benefit as compared to Q3 2019.

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Operating Expenses (Third Quarter)

(dollars in millions)

	Three Months Ended September 30,			
	2020	2019	Variance	
Operating, general & admin.	$ 73.3	$ 77.0	($ 3.7)	(4.8%)
Property and other taxes	45.3	44.1	1.2	2.7%
Depreciation and depletion	44.3	43.2	1.1	2.5%
Operating Expenses	**$ 162.9**	**$ 164.3**	**($ 1.4)**	**(0.9%)**

Decrease in operating, general & admin expense due to the following factors:

($2.0)	Employee benefits
(1.3)	Hazard trees
(1.2)	Labor *(incl. $0.4 million Covid-related lower in-home customer work)*
(0.9)	Generation maintenance
(0.8)	Travel and training *(estimated to be all Covid-related)*
2.4	Uncollectible accounts *(estimated to be all Covid-related)*
0.7	Other
($3.1)	**Change in OG&A Items Impacting Net Income**
$2.4	Pension and other postretirement benefits, offset in other income
(1.1)	Operating expenses recovered in trackers, offset in revenue
(1.9)	Non-employee directors deferred compensation, offset in other income
($0.6)	**Change in OG&A Items Offset Within Net Income**
($3.7)	**Decrease in Operating, General & Administrative Expense**

Covid-19
$2.4 million in increased uncollectable accounts expense was partially offset by an estimated $1.2M of lower Covid-related expense.

$1.2 million increase in property and other taxes due primarily to increase in Montana state and local taxes offset in part by lower MPSC tax and invasive species taxes.

$1.1 million increase in depreciation expense primarily due to plant additions.

Operating to Net Income (Third Quarter)

(dollars in millions)

	Three Months Ended September 30,			
	2020	2019	Variance	
Operating Income	**$ 49.7**	**$ 46.4**	**$ 3.3**	**7.1%**
Interest Expense	(23.7)	(23.7)	-	0.0%
Other Income (Expense)	0.8	(0.4)	1.2	300.0%
Income Before Taxes	**26.8**	**22.2**	**4.6**	**20.7%**
Income Tax Benefit (Expense)	2.7	(0.6)	3.3	550.0%
Net Income	**$ 29.5**	**$ 21.7**	**$ 7.8**	**35.9%**

Flat interest expense for the quarter includes higher borrowings offset by lower interest expense on our revolving credit facilities.

$1.2 million increase in other income was due to a decrease in other pension expense of $2.4 million partially offset by a $1.8 million decrease in the value of deferred shares held in trust for non-employee directors deferred compensation, both of which are offset in operating, general and administrative expense with no impact to net income and higher capitalization of Allowance for Funds Used During Construction (AFUDC).

$3.3 million improvement in income taxes due primarily to a prior year permanent return to accrual adjustment, higher flow-through repairs deductions and higher production tax credits, offset, in part, by higher pre-tax income.

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Income Tax Reconciliation (Third Quarter)

(in millions)	Three Months Ended September 30,				
	2020		2019		Variance
Income Before Income Taxes	**$26.8**		**$22.2**		**$4.6**
Income tax calculated at federal statutory rate	5.6	21.0%	4.7	21.0%	0.9
Permanent or flow through adjustments:					
State income, net of federal provisions	0.0	0.2%	0.1	0.3%	(0.1)
Flow - through repairs deductions	(4.2)	(15.7%)	(2.6)	(11.7%)	(1.6)
Production tax credits	(2.2)	(8.2%)	(1.4)	(6.3%)	(0.8)
Amortization of excess deferred income tax	(0.2)	(0.8%)	(0.4)	(1.7%)	0.2
Plant and depreciation of flow-through items	0.1	0.4%	(0.3)	(1.2%)	0.4
Prior year permanent return to accrual adjustments	(1.7)	(6.5%)	0.6	2.5%	(2.3)
Other, net	(0.1)	(0.5%)	(0.1)	(0.4%)	-
Sub-total	(8.3)	(31.1%)	(4.1)	(18.5%)	(4.2)
Income Tax (Benefit) Expense	**$ (2.7)**	**(10.1%)**	**$ 0.6**	**2.5%**	**$ (3.3)**

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Balance Sheet

(dollars in millions)	As of September 30, 2020	As of December 31, 2019
Cash and cash equivalents	$ 3.5	$ 5.1
Restricted cash	10.5	6.9
Accounts receivable, net	133.1	167.4
Inventories	69.1	53.9
Other current assets	65.1	68.3
Goodwill	357.6	357.6
PP&E and other non-current assets	5,436.7	5,251.4
Total Assets	**$ 6,075.6**	**$ 5,910.7**
Payables	74.7	96.7
Current Maturities - debt and leases	102.6	2.5
Other current liabilities	316.2	235.1
Long-term debt & capital leases	2,204.4	2,250.7
Other non-current liabilities	1,323.2	1,286.6
Shareholders' equity	2,054.6	2,039.1
Total Liabilities and Equity	**$ 6,075.6**	**$ 5,910.7**
Capitalization:		
Short-Term Debt & Short-Term Finance Leases	102.6	2.5
Long-Term Debt & Long-Term Finance Leases	2,204.4	2,250.7
Less: Basin Creek Finance Lease	(18.1)	(19.9)
Less: New Market Tax Credit Financing Debt	(27.0)	(27.0)
Shareholders' Equity	2,054.6	2,039.1
Total Capitalization	**$ 4,316.5**	**$ 4,245.4**
Ratio of Debt to Total Capitalization	**52.4%**	**52.0%**

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Cash Flow

(dollars in millions)	Nine Months Ending September 30, 2020		Nine Months Ending September 30, 2019	
Operating Activities				
Net Income	$	101.7	$	142.1
Non-Cash adjustments to net income		135.0		117.4
Changes in working capital		99.1		2.4
Other non-current assets & liabilities		(13.3)		(8.0)
Cash provided by Operating Activities		**322.5**		**253.9**
Investing Activities				
PP&E additions		(283.0)		(242.9)
Cash used in Investing Activities		**(283.0)**		**(242.9)**
Financing Activities				
Issuance of long-term debt		150.0		150.0
Issuance of short-term borrowings		100.0		-
Line of credit repayments, net		(193.0)		(76.0)
Dividends on common stock		(90.3)		(86.3)
Financing costs		(2.6)		(1.1)
Other		(1.7)		1.2
Cash used in Financing Activities		(37.6)		(12.2)
Increase (Decrease) in Cash, Cash Equiv. & Restricted		**1.9**		**(1.2)**
Beginning Cash, Cash Equiv. & Restricted Cash		12.1		15.3
Ending Cash, Cash Equiv. & Restricted Cash	**$**	**14.0**	**$**	**14.1**

Cash from operating activities increased by $68.6M primarily due to the improved collections of energy supply costs in the current period, as compared with higher procured supply costs, and payments reducing cash flows in 2019 including credits to Montana customers of approximately $20.5 million in the first quarter of 2019, and transmission generation interconnection refunds all in the prior period. These improvements were offset in part by reduced net income.

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Adjusted Non-GAAP Earnings (Third Quarter)

(in millions)	GAAP Three Months Ended Sept. 30, 2020	Unfavorable Weather	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Non-employee Deferred Compensation	Non GAAP Three Months Ended Sept. 30, 2020	Non-GAAP Variance Variance $	%	Non GAAP Three Months Ended Sept. 30, 2019	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Unfavorable Weather	GAAP Three Months Ended Sept. 30, 2019
Revenues	$280.6	0.6			$281.2	$0.7	0.2%	$280.5			5.7	$274.8
Cost of sales	68.0				68.0	3.8	5.9%	64.2				64.2
Gross Margin	**212.6**	**0.6**	-	-	**213.2**	**(3.1)**	**-1.4%**	**216.3**	-	-	**5.7**	**210.6**
Op. Expenses												
OG&A	73.3		0.1	1.2	74.6	(4.3)	-5.4%	78.9	(0.6)	2.5		77.0
Prop. & other taxes	45.3				45.3	1.2	2.7%	44.1				44.1
Depreciation	44.3				44.3	1.1	2.5%	43.2				43.2
Total Op. Exp.	**162.9**	-	**0.1**	**1.2**	**164.2**	**(2.0)**	**-1.2%**	**166.2**	**(0.6)**	**2.5**	-	**164.3**
Op. Income	**49.7**	**0.6**	**(0.1)**	**(1.2)**	**49.0**	**(1.2)**	**-2.4%**	**50.2**	**0.6**	**(2.5)**	**5.7**	**46.4**
Interest expense	(23.7)				(23.7)	-	0.0%	(23.7)				(23.7)
Other (Exp.) Inc., net	0.8		0.1	1.2	2.1	0.6	40.0%	1.5	(0.6)	2.5		(0.4)
Pretax Income	**26.8**	**0.6**	-	-	**27.4**	**(0.5)**	**-1.8%**	**27.9**	-	-	**5.7**	**22.2**
Income tax	2.7	(0.2)	-	-	2.5	4.5	220.4%	(2.0)	-	-	(1.4)	(0.6)
Net Income	**$29.5**	**0.4**	-	-	**$29.9**	**$3.9**	**15.0%**	**$26.0**	-	-	**4.3**	**$21.7**
ETR	-10.1%	25.3%	-	-	-9.3%			7.3%	-	-	25.3%	2.5%
Diluted Shares	50.7				50.7	(0.1)	-0.2%	50.8				50.8
Diluted EPS	**$0.58**	0.01	-	-	$0.59	$0.09	18.0%	$0.50	-	-	0.08	**$0.42**

The adjusted non-GAAP measures presented in the table are being shown to reflect significant items that are 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).*

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Summary Financial Results (Nine Months Ended September 30)

(in millions except per share amounts)

	Nine Months Ended September 30,			
	2020	2019	Variance	% Variance
Operating Revenues	$ 885.2	$ 929.8	$ (44.6)	(4.8%)
Cost of Sales	220.4	235.7	(15.3)	(6.5%)
Gross Margin [(1)]	**664.8**	**694.1**	**(29.3)**	**(4.2%)**
Operating Expenses				
Operating, general & administrative	224.0	238.9	(14.9)	(6.2%)
Property and other taxes	136.8	133.2	3.6	2.7%
Depreciation and depletion	134.3	129.8	4.5	3.5%
Total Operating Expenses	**495.1**	**501.9**	**(6.8)**	**(1.4%)**
Operating Income	**169.7**	**192.2**	**(22.5)**	**(11.7%)**
Interest Expense	(72.3)	(71.0)	(1.3)	(1.8%)
Other (Expense) / Benefit	(1.0)	0.9	(1.9)	211.1%
Income Before Taxes	**96.4**	**122.0**	**(25.6)**	**(21.0%)**
Income Tax Benefit	5.3	20.1	(14.8)	73.6%
Net Income	**$ 101.7**	**$ 142.1**	**$ (40.4)**	**(28.4%)**
Effective Tax Rate	(5.4%)	(16.5%)	11.1%	
Diluted: Average Shares Outstanding	50.7	50.8	(0.1)	(0.3%)
Diluted Earnings Per Share	$2.01	$2.80	($0.79)	(28.1%)
Dividends Paid per Common Share	$1.80	$ 1.725	$ 0.075	4.3%

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

NorthWestern Energy
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Gross Margin (Nine Months Ended September 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2020	2019	Variance[1]	
Electric	$ 533.4	$ 555.5	($ 22.1)	(4.0%)
Natural Gas	131.4	138.6	(7.2)	(5.2%)
Total Gross Margin	**$ 664.8**	**$ 694.1**	**($ 29.3)**	**(4.2%)**

Decrease in gross margin due to the following factors:

($8.3)	Natural gas retail volumes
(6.5)	Electric retail volumes and demand
(3.3)	Lower electric QF liability adjustment
(3.2)	Montana electric supply cost recovery
(1.8)	Montana transmission
(0.8)	Montana natural gas rates
1.6	Montana electric retail rates
(5.3)	Other
($27.6)	**Change in Gross Margin Impacting Net Income**
($4.0)	Production tax credits reducing revenue, offset in income tax expense
(1.2)	Operating expenses recovered in revenue, offset in operating expense
3.5	Property tax revenue, offset in property tax expense
($1.7)	**Change in Gross Margin Offset Within Net Income**
($29.3)	**Decrease 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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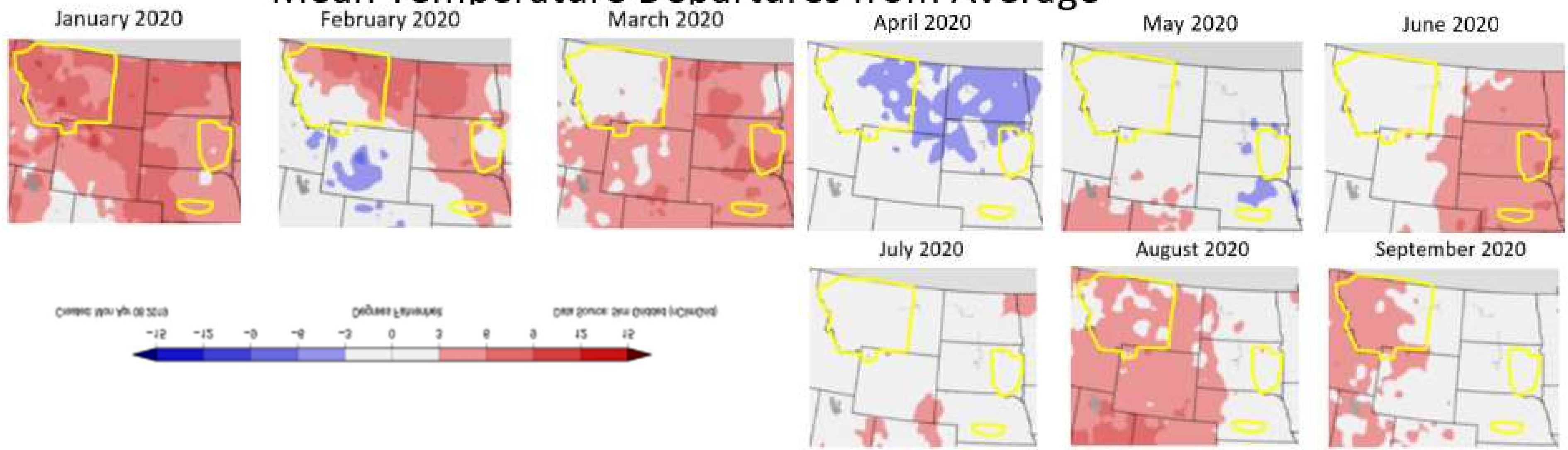
Weather (Nine Months Ended September 30)

Cooling Degree-Days	YTD thru 9/30 Degree Days			YTD 2020 as compared with:	
	2020	2019	Historic Average	2019	Historic Average
Montana	395	370	403	7% warmer	2% cooler
South Dakota	844	660	699	28% warmer	21% warmer

Heating Degree - Days	YTD thru 9/30 Degree Days			YTD 2020 as compared with:	
	2020	2019	Historic Average	2019	Historic Average
Montana	4,707	5,604	4,863	16% warmer	3% warmer
South Dakota	5,564	6,350	5,686	12% warmer	2% warmer
Nebraska	4,250	4,866	4,678	13% warmer	9% warmer

We estimate unfavorable weather through the first 9 months of 2020 has contributed approximately $4.1M pretax detriment as compared to normal and $12.1M pretax detriment as compared to the same period in 2019.

Mean Temperature Departures from Average



Operating Expenses (Nine Months Ended September 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2020	2019	Variance	
Operating, general & admin.	$ 224.0	$ 238.9	($ 14.9)	(6.2%)
Property and other taxes	136.8	133.2	3.6	2.7%
Depreciation and depletion	134.3	129.8	4.5	3.5%
Operating Expenses	**$ 495.1**	**$ 501.9**	**($ 6.8)**	**(1.4%)**

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

($5.7)	Employee benefits
(3.0)	Labor
(2.5)	Hazard trees
(2.1)	Generation maintenance
(2.0)	Travel and training
5.5	Uncollectible accounts
(1.2)	Other
($11.0)	**Change in OG&A Items Impacting Net Income**
($8.2)	Non-employee directors deferred compensation, offset in other income
(1.3)	Operating expense recovered in trackers, offset in revenue
5.6	Pension and other postretirement benefits, offset in other income
($3.9)	**Change in OG&A Items Offset Within Net Income**
($14.9)	**Decrease in Operating, General & Administrative Expenses**

$3.6 million increase in property and other taxes due primarily to plant additions and higher annual estimated property valuations in Montana.

$4.5 million increase in depreciation expense primarily due to plant additions.

Operating to Net Income (Nine Months Ended September 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2020	2019	Variance	
Operating Income	**$ 169.7**	**$ 192.2**	**($ 22.5)**	**(11.7%)**
Interest Expense	(72.3)	(71.0)	(1.3)	(1.8%)
Other (Expense) / Income	(1.0)	0.9	(1.9)	211.1%
Income Before Taxes	**96.4**	**122.0**	**(25.6)**	**(21.0%)**
Income Tax Benefit	5.3	20.1	(14.8)	73.6%
Net Income	**$ 101.7**	**$ 142.1**	**($ 40.4)**	**(28.4%)**

$1.3 million increase in interest expense as a result of higher borrowings in 2020 to increase our cash position as a precautionary measure and preserve financial flexibility. This was partly offset by lower interest expense on our revolving credit facilities.

$1.9 million decrease in other income was due to a $8.2 million decrease in the value of deferred shares held in trust for non-employee directors deferred compensation that was partially offset by a $5.6 million decrease in other pension expense, both of which are offset in operating, general, and administrative expense with no impact to net income and higher capitalization of AFUDC.

$14.8 million decrease in income tax benefit. 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.

Income Tax Reconciliation (Nine Months Ended September 30)

	2020		2019		Variance
Income Before Income Taxes	**$96.4**		**$122.0**		**($25.6)**
Income tax calculated at federal statutory rate	20.3	21.0%	25.6	21.0%	(5.3)
Permanent or flow through adjustments:					
State income, net of federal provisions	0.1	0.1%	1.2	1.0%	(1.1)
Flow - through repairs deductions	(14.9)	(15.4%)	(12.7)	(10.4%)	(2.2)
Production tax credits	(7.6)	(7.8%)	(7.3)	(5.9%)	(0.3)
Share-based compensation	(0.6)	(0.6%)	0.2	0.2%	(0.8)
Amortization of excess deferred income taxes	(0.7)	(0.8%)	(1.9)	(1.6%)	1.2
Prior year permanent return to accrual adjustments	(1.7)	(1.8%)	0.6	0.4%	(2.3)
Plant and depreciation of flow-through items	0.3	0.3%	(2.5)	(2.0%)	2.8
Release of unrecognized tax benefit	-	-	(22.8)	(18.7%)	22.8
Other, net	(0.4)	(0.4%)	(0.5)	(0.5%)	0.1
Sub-total	(25.5)	(26.4%)	(45.7)	(37.5%)	20.2
Income Tax Benefit	**$ (5.2)**	**(5.4%)**	**$ (20.1)**	**(16.5%)**	**$ 14.9**

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Adjusted Non-GAAP Earnings (Nine Months Ended September 30)

(in millions)	GAAP Nine Months Ended Sept. 30, 2020	Unfavorable Weather	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Non-employee Deferred Compensation	Non GAAP Nine Months Ended Sept. 30, 2020	Non-GAAP Variance Variance $	% 	Non GAAP Nine Months Ended Sept. 30, 2019	Remove Benefit Related to Release of Previously Unrecognized Tax Benefits	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Favorable Weather	GAAP Nine Months Ended Sept. 30, 2019
Revenues	$885.2	4.1	-	-	$889.3	($32.5)	-3.5%	$921.8	-	-	-	(8.0)	$929.8
Cost of sales	220.4	-	-	-	220.4	(15.3)	-6.5%	235.7	-	-	-	-	235.7
Gross Margin(1)	**664.8**	**4.1**	-	-	**668.9**	**(17.2)**	**-2.5%**	**686.1**	-	-	-	**(8.0)**	**694.1**
Op. Expenses								-	-	-	-	-	-
OG&A	224.0	-	0.4	5.0	229.4	(12.4)	-5.1%	241.8	-	(3.1)	6.0	-	238.9
Prop. & other taxes	136.8	-	-	-	136.8	3.6	2.7%	133.2	-	-	-	-	133.2
Depreciation	134.3	-	-	-	134.3	4.5	3.5%	129.8	-	-	-	-	129.8
Total Op. Exp.	**495.1**	-	**0.4**	**5.0**	**500.5**	**(4.3)**	**-0.9%**	**504.8**	-	**(3.1)**	**6.0**	-	**501.9**
Op. Income	**169.7**	**4.1**	**(0.4)**	**(5.0)**	**168.4**	**(12.9)**	**-7.1%**	**181.3**	-	**3.1**	**(6.0)**	**(8.0)**	**192.2**
Interest expense	(72.3)	-	-	-	(72.3)	(1.3)	-1.8%	(71.0)	-	-	-	-	(71.0)
Other (Exp.) Inc., net	(1.0)	-	0.4	5.0	4.4	0.6	15.8%	3.8	-	(3.1)	6.0	-	0.9
Pretax Income	**96.4**	**4.1**	-	-	**100.5**	**(13.5)**	**-11.8%**	**114.0**	-	-	-	**(8.0)**	**122.0**
Income tax	5.3	(1.0)	-	-	4.3	5.0	739.6%	(0.7)	(22.8)	-	-	2.0	20.1
Net Income	**$101.7**	**3.1**	-	-	**$104.8**	**($8.5)**	**-7.5%**	**$113.3**	**(22.8)**	-	-	**(6.0)**	**$142.1**
ETR	-5.4%	25.3%	-	-	-4.2%			0.6%	-	-	-	25.3%	-16.5%
Diluted Shares	50.7				50.7	(0.1)	-0.2%	50.8					50.8
Diluted EPS	**$2.01**	0.06	-	-	$2.07	($0.17)	-7.6%	$2.24	(0.45)	-	-	(0.11)	**$2.80**

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).*

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	3.1	**$6.4**
Jun-20	$2.2	0.9	**$3.1**

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)	(6.6)	**($20.8)**
Jun-20	($1.1)	(2.2)	**($3.3)**

The gain in 2020 for our QF liability was $3.1 million in total, it was comprised of $2.2 million adjustment to the liability and $0.9 million lower actual costs over last 12 months (QF contract year). This $3.1 million benefit is $3.3 million less than the $6.4 million total benefit we recognized in Q2 last year.

Due to our expectations regarding the remeasurement frequency of our QF liability, we no longer reflect this adjustment as a non-GAAP measure.

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.

NorthWestern Energy
Delivering a Bright Future

Quarterly PCCAM Impacts

PCCAM Impact by Quarter
Pretax Millions

	Q1	Q2	Q3	Q4	Full Year
'17/'18 Tracker	Full year recorded in Q3		$3.3		$3.3
'18/'19 Tracker			($5.1)	$0.3	(4.8)
2018 (Expense) Benefit	**$0.0**	**$0.0**	**($1.8)**	**$0.3**	**($1.5)**

	Q1	Q2	Q3	Q4	Full Year
'18/'19 Tracker	($1.6)	$4.6			$3.0
'19/'20 Tracker			$0.1	($0.7)	(0.6)
2019 (Expense) Benefit	**($1.6)**	**$4.6**	**$0.1**	**($0.7)**	**$2.4**

	Q1	Q2	Q3	Q4	Year-to-Date
'19/'20 Tracker	$0.1	$0.2			$0.3
'20/'21 Tracker			($0.4)		(0.4)
2020 (Expense) Benefit	**$0.1**	**$0.2**	**($0.4)**		**($0.1)**
Year-over-Year Variance	***$1.7***	***($4.4)***	***($0.5)***		***($3.2)***

In 2017, the Montana legislature revised the statute regarding our recovery of electric supply costs. In response, the MPSC approved a new design for our electric tracker in 2018, effective July 1, 2017. The revised electric tracker, or PCCAM established a baseline of power supply costs and tracks the differences between the actual costs and revenues. Variances in supply costs above or below the baseline are allocated 90% to customers and 10% to shareholders, with an annual adjustment. From July 2017 to May 2019, the PCCAM also included a "deadband" which required us to absorb the variances within +/- $4.1 million from the base, with 90% of the variance above or below the deadband collected from or refunded to customers. In 2019, the Montana legislature revised the statute effective May 7, 2019, prohibiting a deadband, allowing 100% recovery of QF purchases, and maintaining the 90% / 10% sharing ratio for other purchases.

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 and production (3)	April 2019	$ 2,030.1	$ 2,407.3	6.92%	9.65%	49.38%
Montana - Colstrip Unit 4	April 2019	304.0	284.2	8.25%	10.00%	50.00%
Montana natural gas delivery and production (4)	September 2017	430.2	474.8	6.96%	9.55%	46.79%
Total Montana		$ 2,764.3	$ 3,166.3			
South Dakota electric (5)	December 2015	$ 557.3	$ 606.6	7.24%	n/a	n/a
South Dakota natural gas (5)	December 2011	65.9	69.6	7.80%	n/a	n/a
Total South Dakota		$ 623.2	$ 676.2			
Nebraska natural gas (5)	December 2007	$ 24.3	$ 31.2	8.49%	10.40%	n/a
Total NorthWestern Energy		**$ 3,411.8**	**$ 3,873.7**			

(1) Rate base reflects amounts on which we are authorized to earn a return.
(2) Rate base amounts are estimated as of December 31, 2019.
(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) The Montana gas revenue requirement inclues a stepdown which approximates annual depletion of our natural gas production assets included in rate base.
(5) For those items marked as "n/a", the respective settlement and/or order was not specific as to these items.

Note:
Data as reported in our 2019 10-K

NorthWestern Energy
Delivering a Bright Future

2019 System Statistics

Owned Energy Supply

Electric (MW)	MT	SD	Total
Base load coal	222	210	432
Wind	51	80	131
Hydro	451	-	451
Other resources (2)	150	114	264
	874	404	1,278

Natural Gas (Bcf)	MT	SD	Total
Proven reserves	47.2	-	47.2
Annual production	3.8	-	3.8
Storage	17.8	-	17.8

Transmission

Trans for Others	MT	SD	Total
Electric (GWh)	10,712	26	10,738
Natural Gas (Bcf)	45.8	31.2	77.0

System (miles)	MT	SD	Total
Electric	6,809	1,237	8,046
Natural gas	2,165	55	2,220
Total	8,974	1,292	10,266

Distribution

Demand	MT	SD / NE (1)	Total
Daily MWs	750	200	950
Peak MWs	1,200	330	1,530
Annual GWhs	6,600	1,750	8,350
Annual Bcf	23.7	11.8	35.5

Customers	MT	SD / NE	Total
Electric	379,400	63,800	443,200
Natural gas	201,500	90,100	291,600
Total	580,900	153,900	734,800

System (miles)	MT	SD / NE	Total
Electric	17,972	2,292	20,264
Natural gas	4,810	2,453	7,263
Total	22,782	4,745	27,527

Note: Statistics above are as of 12/31/2019 except for electric transmission for others which is 2018 data
(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
Delivering a Bright Future

Experienced & Engaged Board of Directors

Stephen P. Adik

- Chairman of the Board
- Independent
- Director since Nov. 2004

Anthony T. Clark

- Committees: Governance, Human Resources
- Independent
- Director since Dec. 2016

Dana J. Dykhouse

- Committees: Human Resources (chair), Audit
- Independent
- Director since Jan. 2009

Jan R. Horsfall

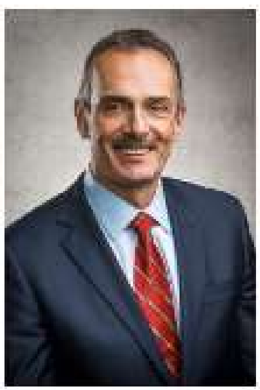
- Committees: Operations (chair), Audit,
- Independent
- Director since April 2015

Britt E. Ide

- Committees: Governance, Operations
- Independent
- Director since April 2017

Julia L. Johnson

- Committees: Governance (chair), Human Resources
- Independent
- Director since Nov. 2004



Robert C. Rowe

- Committees: None
- CEO and President
- Director since August 2008

Linda G. Sullivan

- Committees: Audit (Chair), Operations
- Independent
- Director since April 2017

Mahvash Yazdi

- Committees: Human Resources, Operations
- Independent
- Director since December 2019

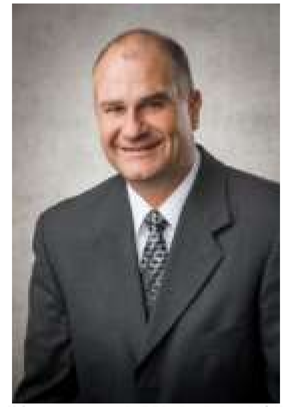
Jeff W. Yingling

- Committees: Audit, Governance
- Independent
- Director since October 2019

Strong Executive Team

Robert C. Rowe
- President and Chief Executive Officer
- Current position since 2008

Heather H. Grahame
- General Counsel and Vice President of Regulatory and Federal Government Affairs
- Current position since 2010



Curtis T. Pohl
- Vice President - Distribution
- Current position since 2003

Brian B. Bird
- Chief Financial Officer
- Current position since 2003

John D. Hines
- Vice President – Supply/Montana Affairs
- Current Position since 2011

Bobbi L. Schroeppel
- Vice President – Customer Care, Communications and Human Resources
- Current Position since 2002

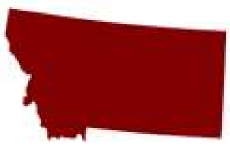
Michael R. Cashell
- Vice President - Transmission
- Current Position since 2011

Crystal D. Lail
- Vice President and Chief Accounting Officer
- Current position since 2020 (formerly VP and Controller since 2015)

NorthWestern Energy
Delivering a Bright Future

Our Commissioners

Montana Public Service Commission



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.

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

2020 Election

Koopman termed out. Tom Woods (D) vs James Brown (R)

Lake termed out. Monica Tranel (D) vs Jennifer Fielder (R)

O'Donnell (R) incumbent vs Valarie McMurty (D)

South Dakota Public Utilities Commission

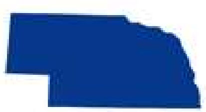
Commissioners are elected in statewide elections. Chairperson is elected by fellow Commissioners. Commissioner term is six years, Chairperson term is one year.

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

2020 Election

Hanson (R) incumbent vs Remi Bald Eagle (D) and Devin Saxon (L)

Nebraska Public Service Commission



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

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

2020 Election

Rhoades (D) incumbent vs Tim Davis (R)

Non-GAAP Financial Measures (1 of 3)

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

Pre-Tax Adjustments ($ Millions)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Reported GAAP Pre-Tax Income	**$ 103.1**	**$ 102.6**	**$ 116.5**	**$ 108.3**	**$ 110.4**	**$ 181.2**	**$ 156.5**	**$ 176.1**	**$ 178.3**	**$ 182.2**
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)	(7.3)
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	(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)								-	-
Income tax adjustment	-	(10.1)	(3.6)	-		-		-	9.4	-
Adjusted Non-GAAP Pre-Tax Income	**$ 99.0**	**$ 95.5**	**$ 99.1**	**$ 109.8**	**$ 115.8**	**$ 179.7**	**$ 169.7**	**$ 172.7**	**$ 168.9**	**$ 174.9**

Tax Adjustments to Non-GAAP Items ($ Millions)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GAAP Net Income	**$ 77.4**	**$ 92.6**	**$ 98.4**	**$ 94.0**	**$ 120.7**	**$ 151.2**	**$ 164.2**	**$ 162.7**	**$ 197.0**	**$ 202.1**
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)	(5.5)
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	(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)	-	-	-	-	-	-	-	-	-
Income tax adjustment	-	(6.2)	(2.2)	-	(18.5)	-	(12.5)	-	(12.8)	(22.8)
Non-GAAP Net Income	**$ 74.9**	**$ 88.2**	**$ 87.7**	**$ 94.9**	**$ 105.5**	**$ 150.3**	**$ 159.8**	**$ 160.6**	**$ 170.1**	**$ 173.8**

Non-GAAP Diluted Earnings Per Share	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Diluted Average Shares (Millions)	*36.2*	*36.5*	*37.0*	*38.2*	*40.4*	*47.6*	*48.5*	*48.7*	*50.2*	*50.8*
Reported GAAP Diluted earnings per share	**$ 2.14**	**$ 2.53**	**$ 2.66**	**$ 2.46**	**$ 2.99**	**$ 3.17**	**$ 3.39**	**$ 3.34**	**$ 3.92**	**$ 3.98**
Non-GAAP Adjustments:										
Weather	0.06	(0.05)	0.14	(0.05)	(0.02)	0.17	0.19	(0.04)	(0.02)	(0.11)
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)	-	-	-	-	-	-	-	-	-
Income tax adjustment	-	(0.17)	(0.06)	-	(0.47)	-	(0.26)	-	(0.25)	(0.45)
Unplanned Equity Dilution from Hydro transaction	-	-	-	-	0.08	-	-	-	-	-
Non-GAAP Diluted Earnings Per Share	**$ 2.07**	**$ 2.41**	**$ 2.37**	**$ 2.50**	**$ 2.68**	**$ 3.15**	**$ 3.30**	**$ 3.30**	**$ 3.39**	**$ 3.42**

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)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dividend per Share	$ 1.36	$ 1.44	$ 1.48	$ 1.52	$ 1.60	$ 1.92	$ 2.00	$ 2.10	$ 2.20	$ 2.30
Reported GAAP diluted EPS	$ 2.14	$ 2.53	$ 2.66	$ 2.46	$ 2.99	$ 3.17	$ 3.39	$ 3.34	$ 3.92	$ 3.98
Dividend Payout Ratio - GAAP diluted EPS	63.6%	56.9%	55.6%	61.8%	53.5%	60.6%	59.0%	62.9%	56.1%	57.8%
Reported Non-GAAP diluted EPS	$ 2.07	$ 2.41	$ 2.37	$ 2.50	$ 2.68	$ 3.15	$ 3.30	$ 3.30	$ 3.39	$ 3.42
Dividend Payout Ratio - Non-GAAP diluted EPS	65.7%	59.8%	62.4%	60.8%	59.7%	61.0%	60.6%	63.6%	64.9%	67.3%

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

per share)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
;AAP Net Income ($M's)	$ 77.4	$ 92.6	$ 98.4	$ 94.0	$ 120.7	$ 151.2	$ 164.2	$ 162.7	$ 197.0	$ 202.1
verage Quarterly Equity ($M's)	$ 809.5	$ 842.8	$ 895.9	$ 991.1	$ 1,119.3	$ 1,520.2	$ 1,632.3	$ 1,720.4	$ 1,875.7	$ 2,064.4
꞉eturn On Average Equity (ROAE) - GAAP Earnings	9.6%	11.0%	11.0%	9.5%	10.8%	9.9%	10.1%	9.5%	10.5%	9.8%
꞉eported Non-GAAP diluted EPS	$2.07	$2.41	$2.37	$2.50	$2.68	$3.15	$3.30	$3.30	$3.39	$3.42
verage Diluted Shares (M)	36.2	36.5	37.0	38.2	39.3	47.6	48.4	48.7	50.0	50.0
;alculated Non-GAAP Adjusted Net Income ($M's)	$75.0	$88.2	$87.7	$94.9	$105.3	$150.3	$159.8	$160.6	$170.1	$171.6
꞉eturn on Average Equity (ROAE) - Non-GAAP Earnings	9.3%	10.5%	9.8%	9.6%	9.4%	9.9%	9.8%	9.3%	9.1%	8.3%

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.

NorthWestern Energy
Delivering a Bright Future

Non-GAAP Financial Measures (3 of 3)

Use of Non-GAAP Financial Measures - Free Cash Flow - 2010 to 2019

(in millions)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Capital Spending	240.7	188.7	322.5	299.1	1,174.0	430.4	287.9	276.4	305.0	316.2
Less: Infrastructure Programs (DSIP/TSIP)	-	(15.2)	(18.7)	(47.4)	(52.0)	(51.6)	(47.8)	(37.3)	-	-
Less: Investment Growth	(125.7)	(43.9)	(170.5)	(126.6)	(964.2)	(195.9)	(7.5)	(3.9)	(31.3)	(13.7)
Maintenance Capex	115.1	129.7	133.2	125.2	157.8	182.9	232.6	235.3	273.7	302.5
Free Cash Flow										
Cash Flow from Operations	218.9	233.8	251.2	193.7	250.0	339.8	286.8	322.7	382.0	296.7
Less: Maintenance Capex	(115.1)	(129.7)	(133.2)	(125.2)	(157.8)	(182.9)	(232.6)	(235.3)	(273.7)	(302.5)
Less: Dividends	(49.0)	(51.9)	(54.2)	(57.7)	(65.0)	(90.1)	(95.8)	(101.3)	(109.2)	(115.1)
Free Cash Flow	54.9	52.2	63.7	10.9	27.2	66.9	(41.5)	(13.8)	(0.9)	(120.9)

Use of Non-GAAP Financial Measures - Gross Margin Year-To-Date September 30, 2020

(in millions)	Electric	Gas	Other	Total
Operating Revenues	$ 706.7	$ 178.5	$ -	$ 885.2
Cost of Sales	$ 173.3	$ 47.1	$ -	$ 220.4
Gross Margin	$ 533.4	$ 131.4	$ -	$ 664.9

Use of Non-GAAP Financial Measures - Gross Margin Year-To-Date September 30, 2020

(in millions)	Montana	South Dakota	Nebraska	Eliminations	Total
Operating Revenues	$ 707.8	$ 156.3	$ 21.1	$ -	$ 885.2
Cost of Sales	$ 152.8	$ 54.7	$ 12.8	$ -	$ 220.4
Gross Margin	$ 555.1	$ 101.6	$ 8.2	$ -	$ 664.9

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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