Wells Fargo Energy Symposium

December 11-12 2019

8-K on December 10, 2019

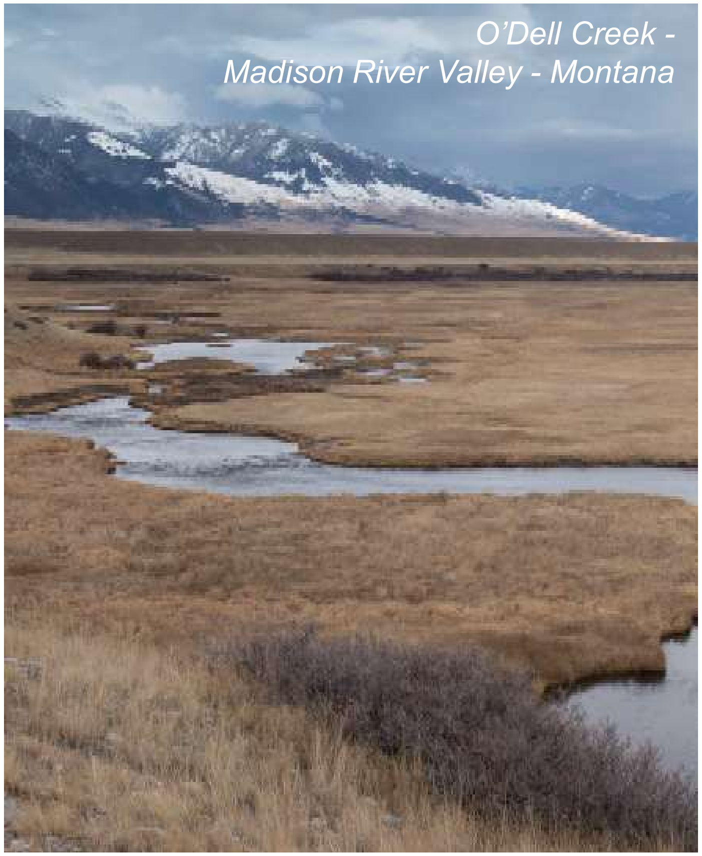
NorthWestern Energy
Delivering a Bright Future

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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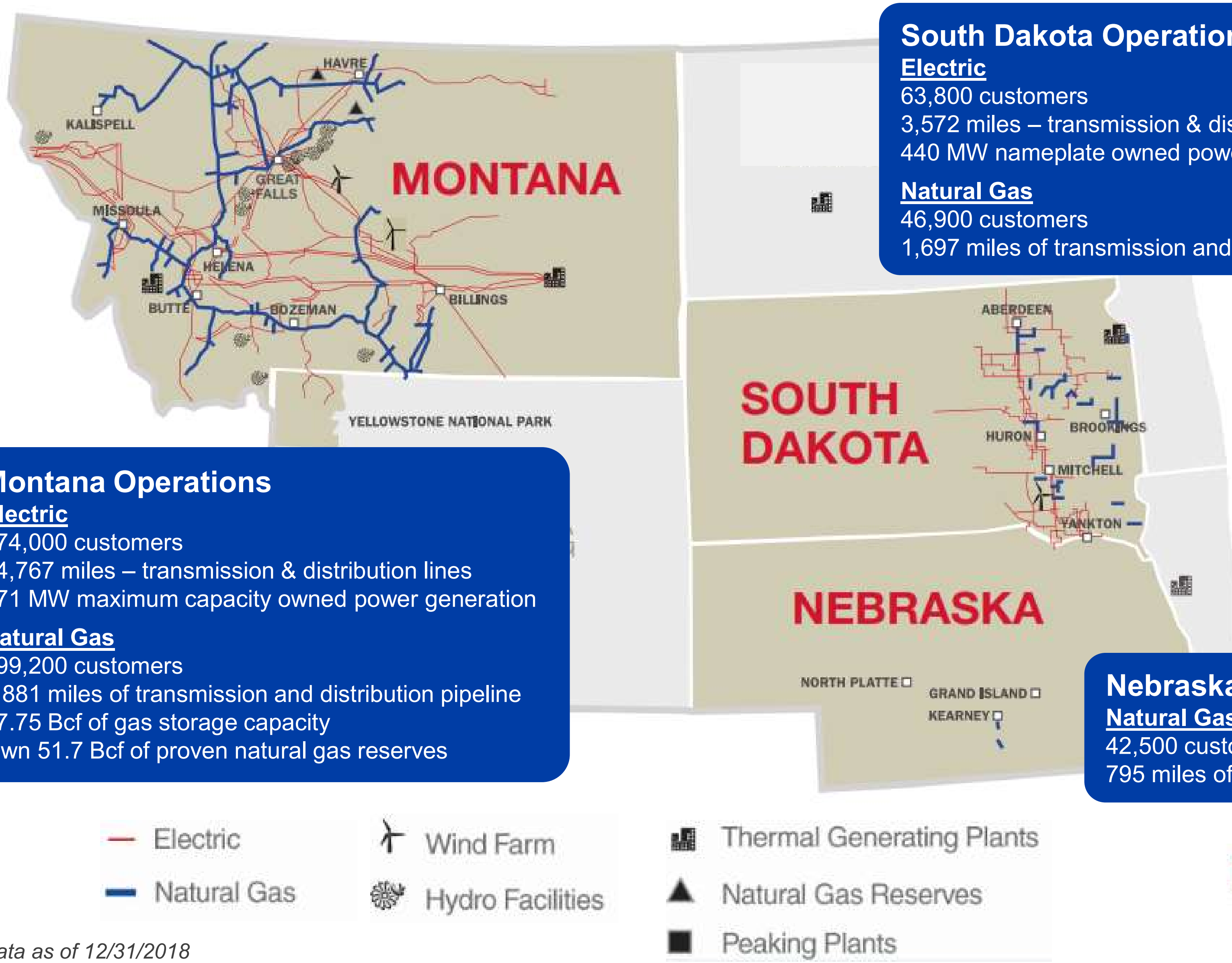
About NorthWestern



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

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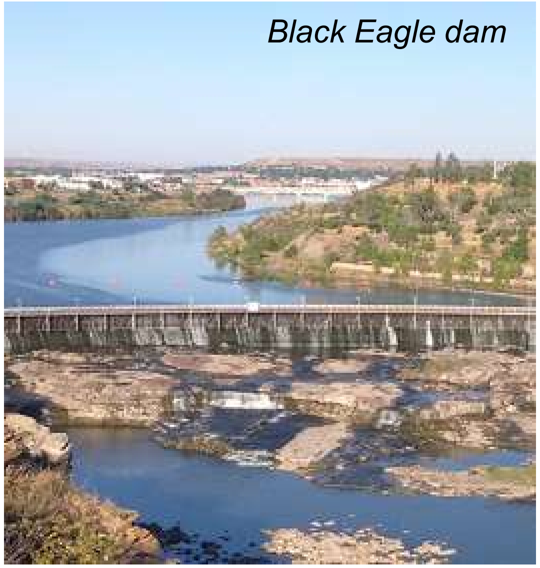
Data as of 12/31/2018

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

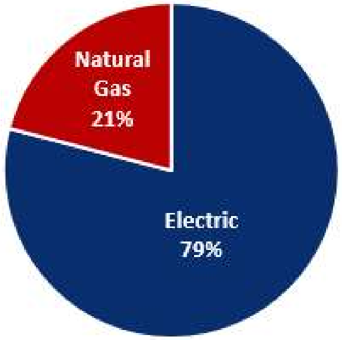
Forbes 2013 AMERICA'S MOST TRUSTWORTHY COMPANIES

CORPORATE GOVERNANCE AWARDS 2019 corporatesecretary WINNER

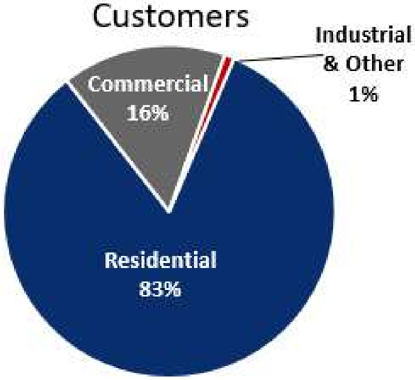
corpedia ETHICS. ELEVATED.

A Diversified Electric and Gas Utility

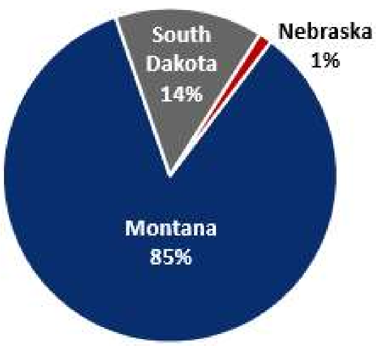
Gross Margin (1)



Customers

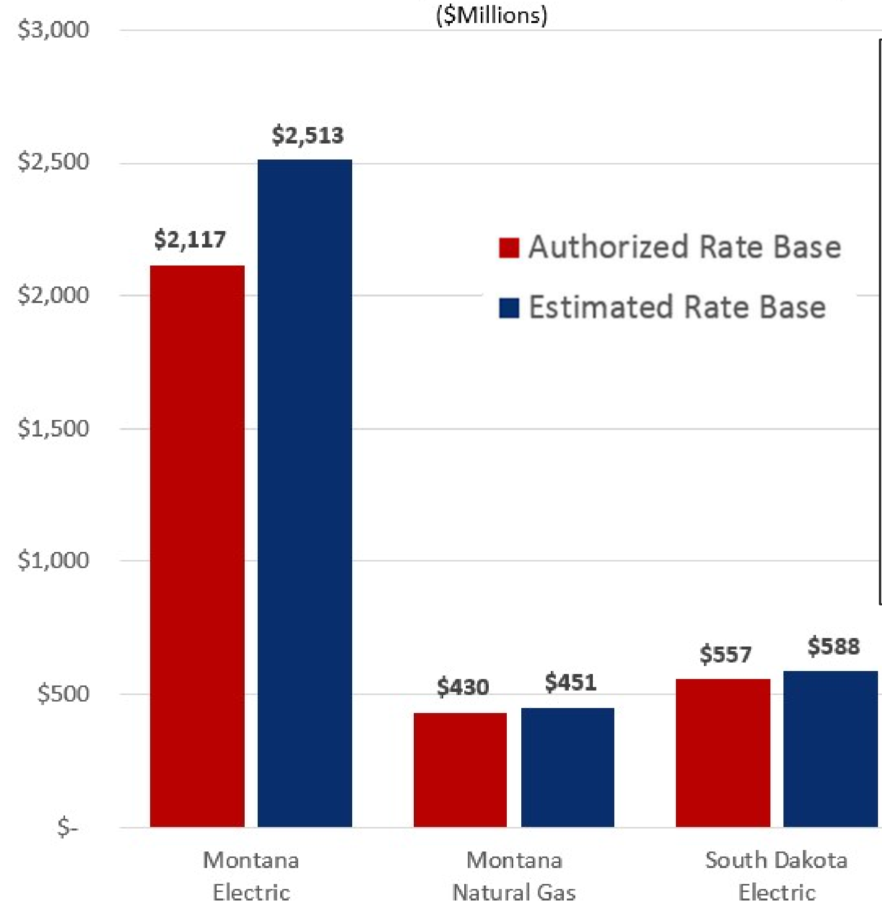


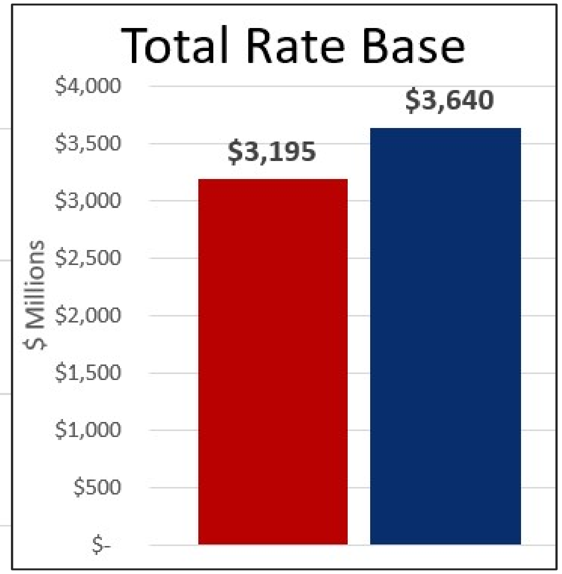
Gross Margin (1)



Data as reported in our 2018 10-K

Rate Base by Service Territory





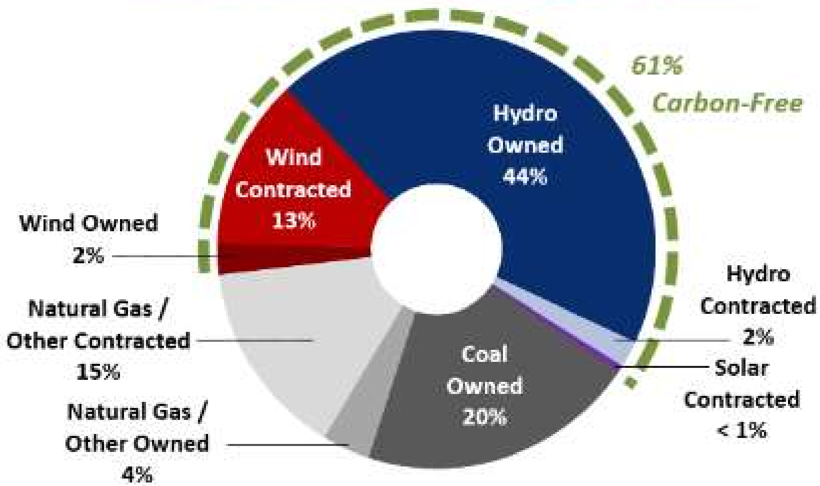
September 2018 Montana electric rate review, filed with rate base of $2.34 billion, calculated with 13th month average and known and measurable adjustments.

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.

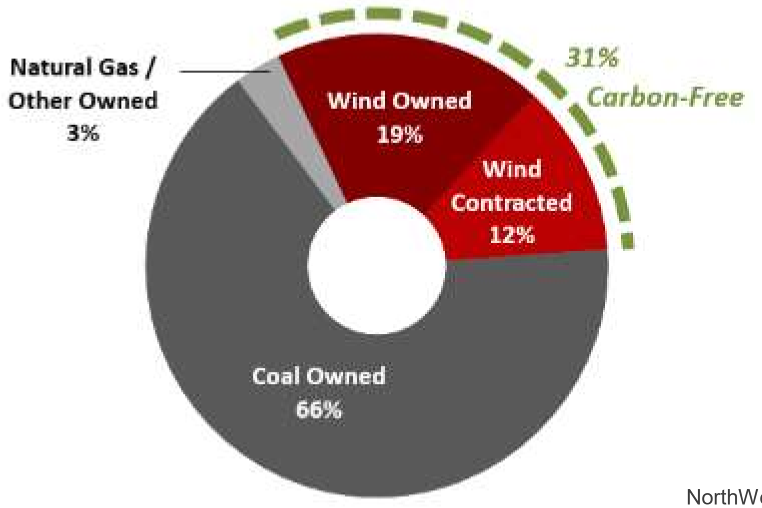
Highly Carbon-Free Supply Portfolio

Montana 2018 Electric Generation Portfolio



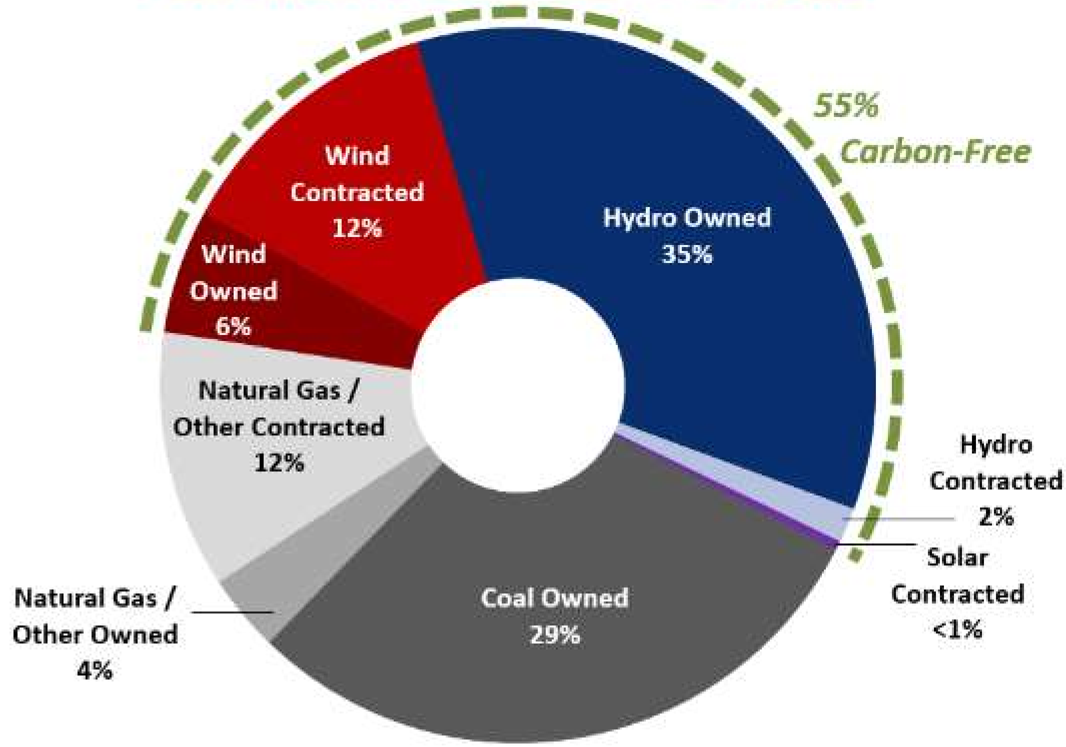
Based on MWH of owned & long-term contracted resources

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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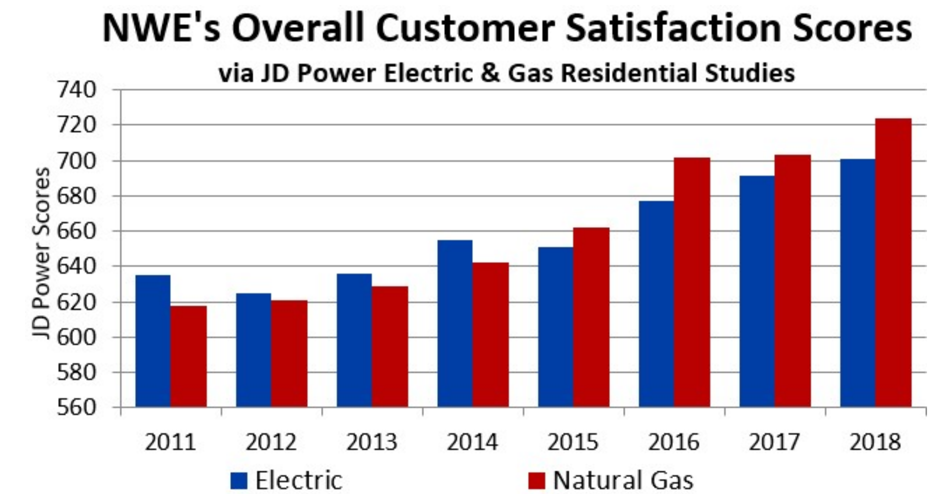
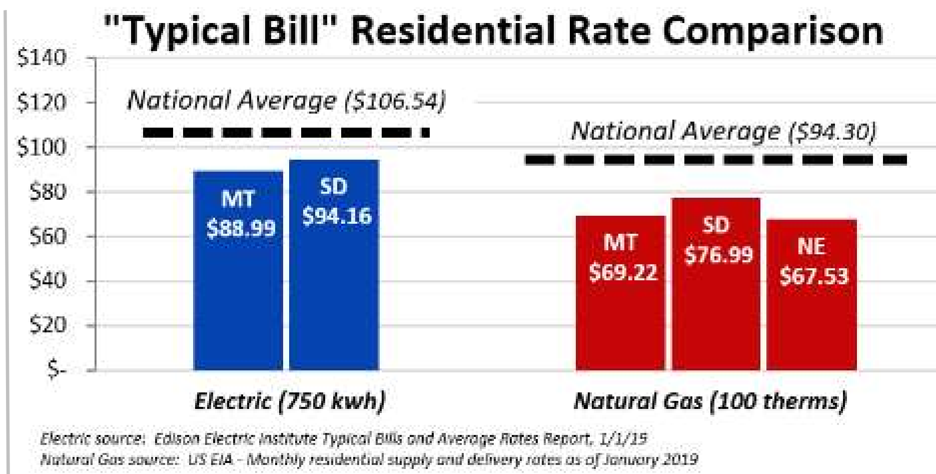
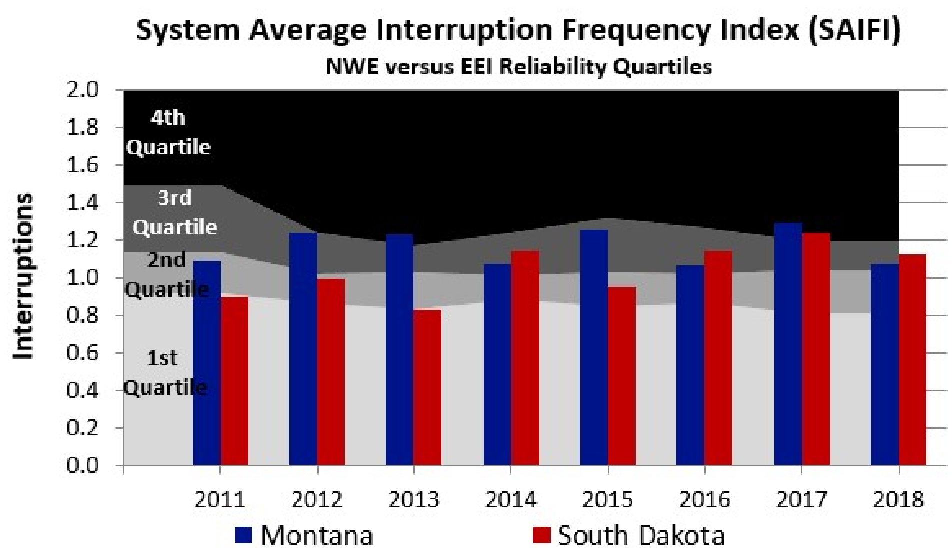
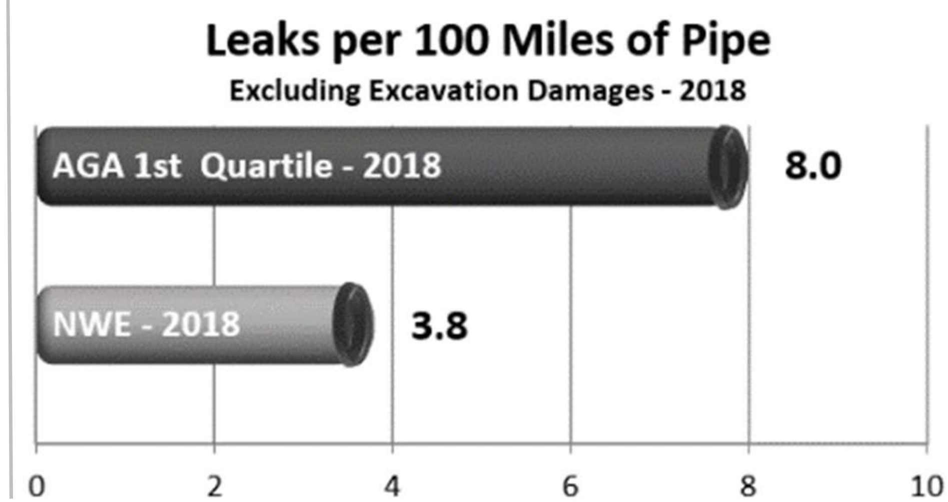
Strong Utility Foundation









- 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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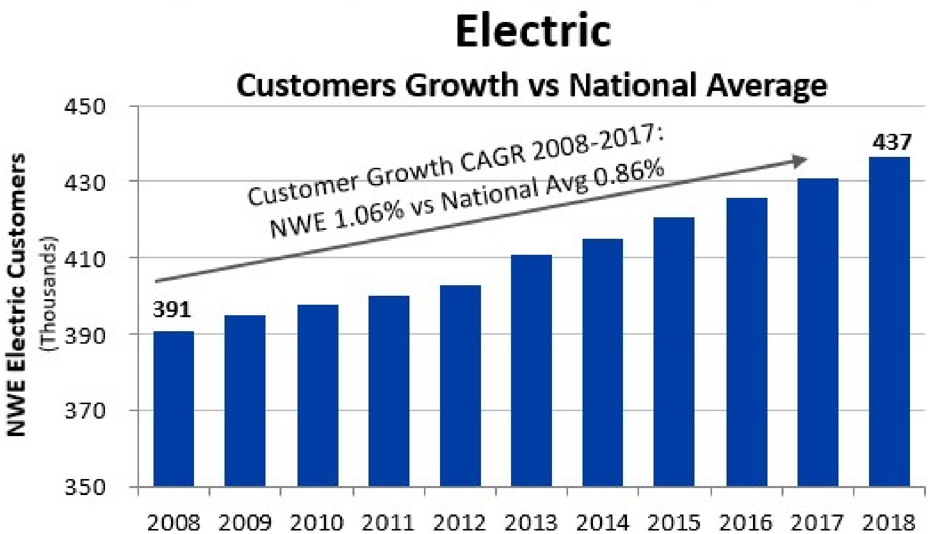
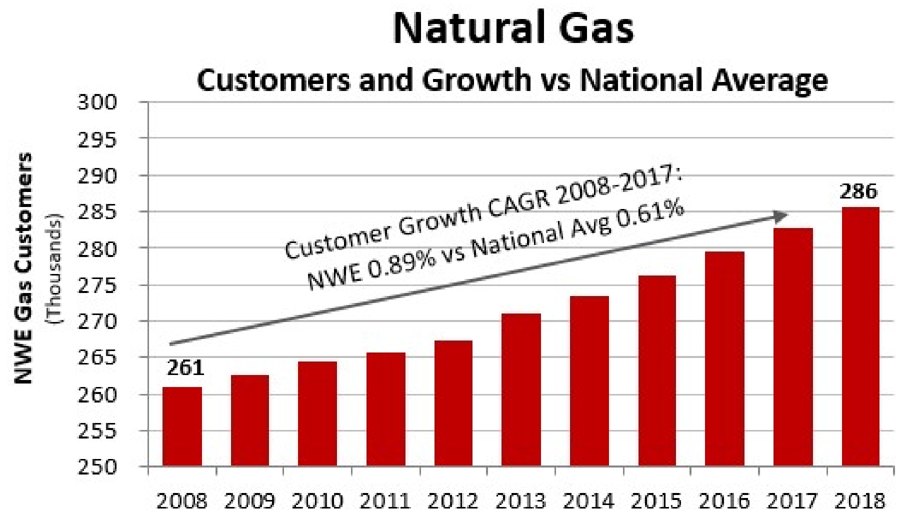
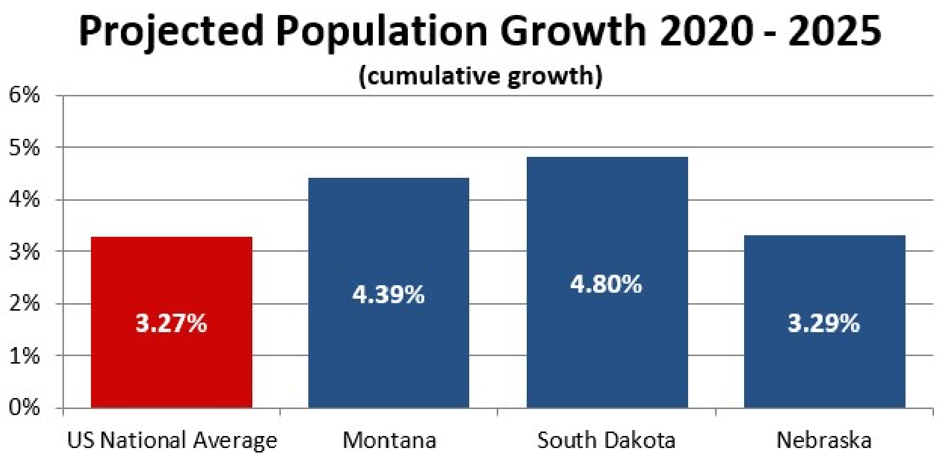
Solid Economic Indicators





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

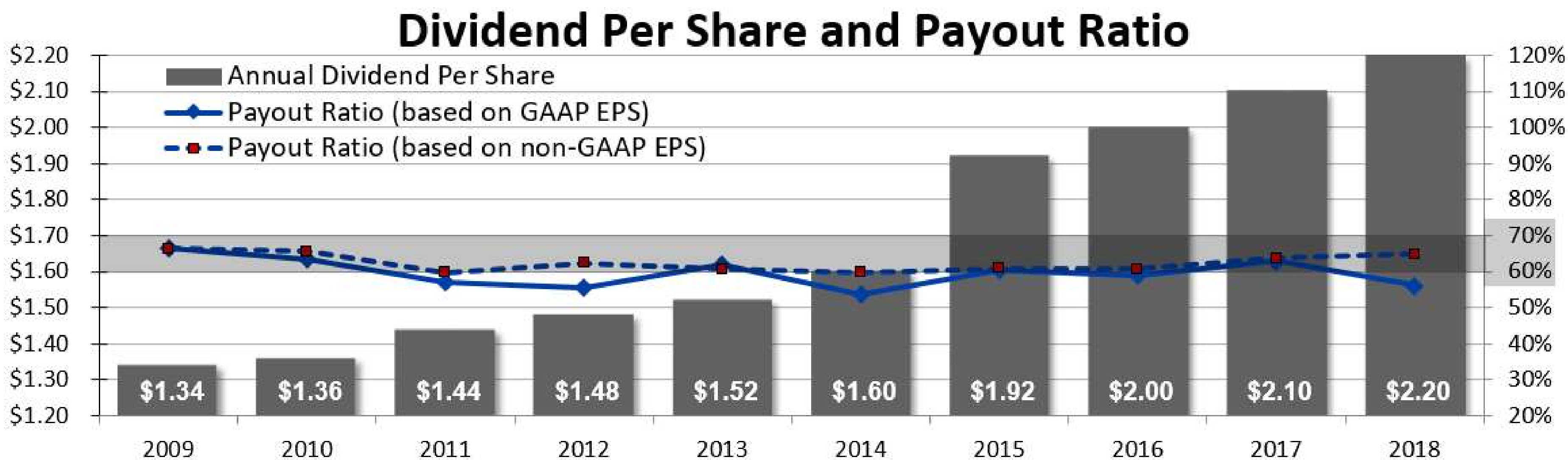


Source: Claritas via S&P Global Market Intelligence 10-24-19


Black Eagle Power House

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

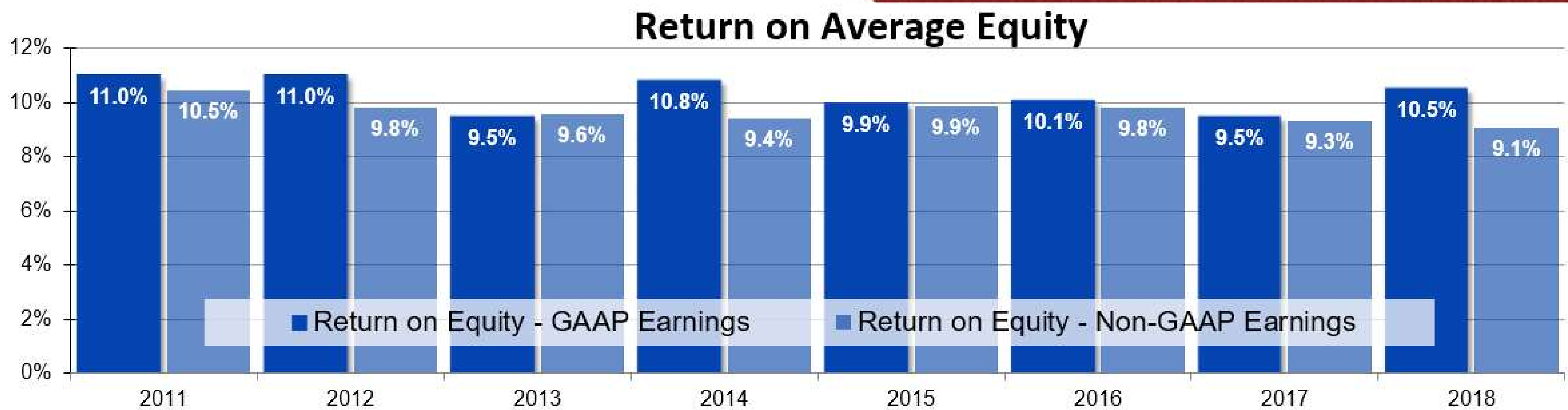
A History of Growth

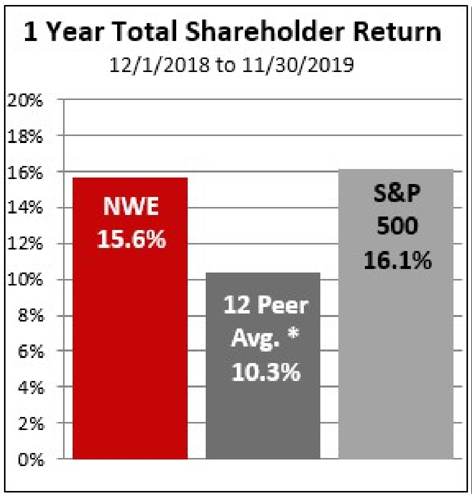


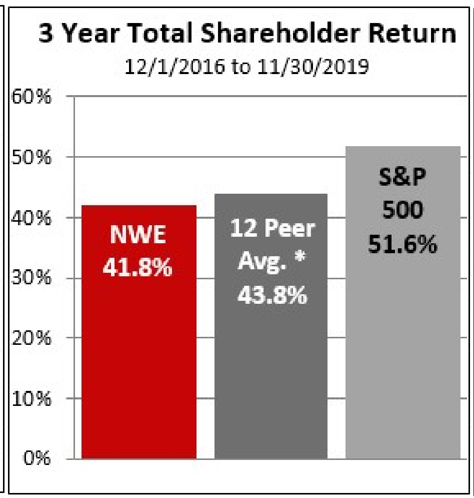
2009-2018 CAGR's: GAAP EPS: 7.6% - Non-GAAP EPS: 5.9% - Dividend: 5.7%

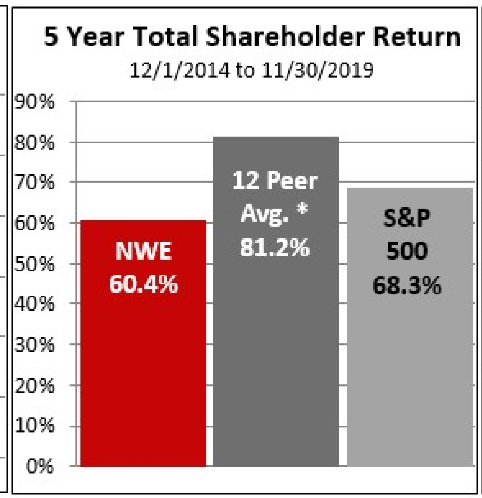
See appendix for "Non-GAAP Financial Measures"

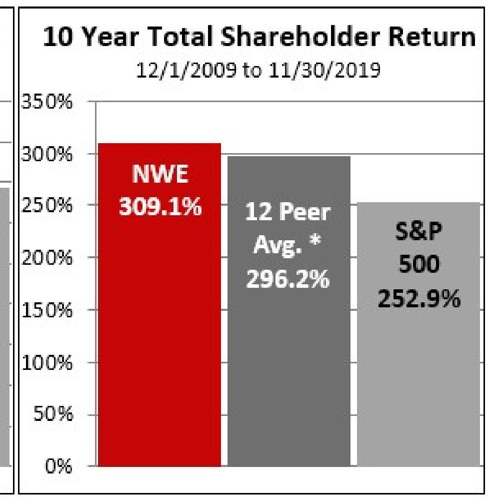
Track Record of Delivering Results









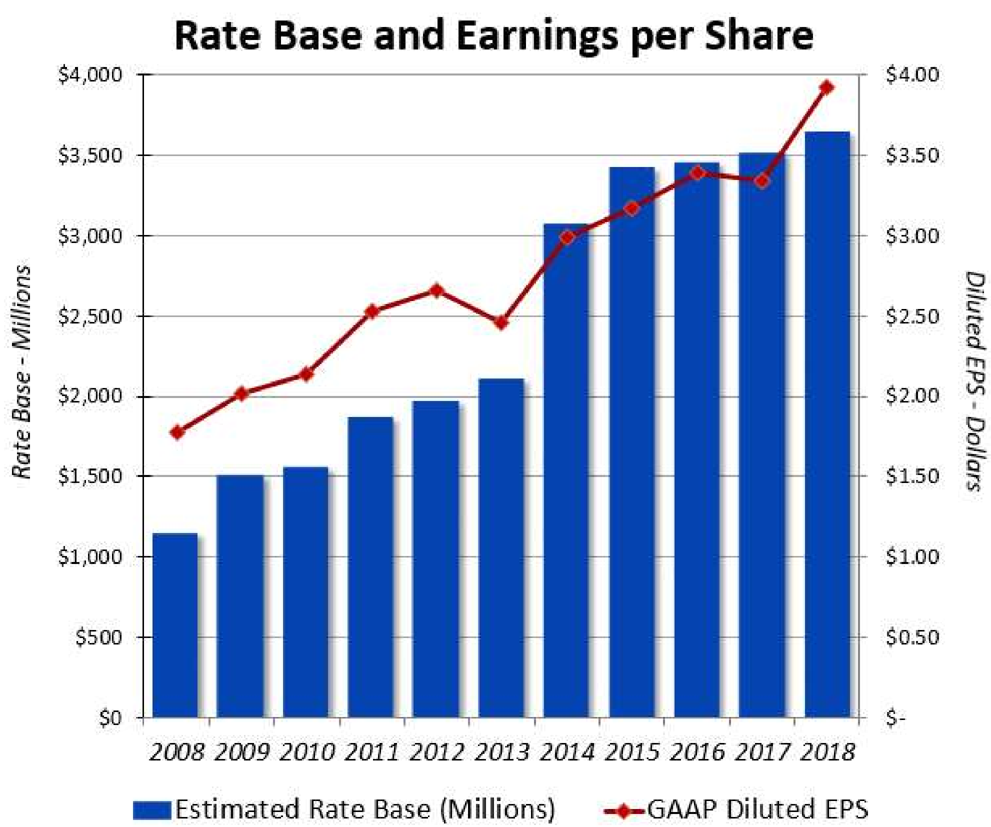


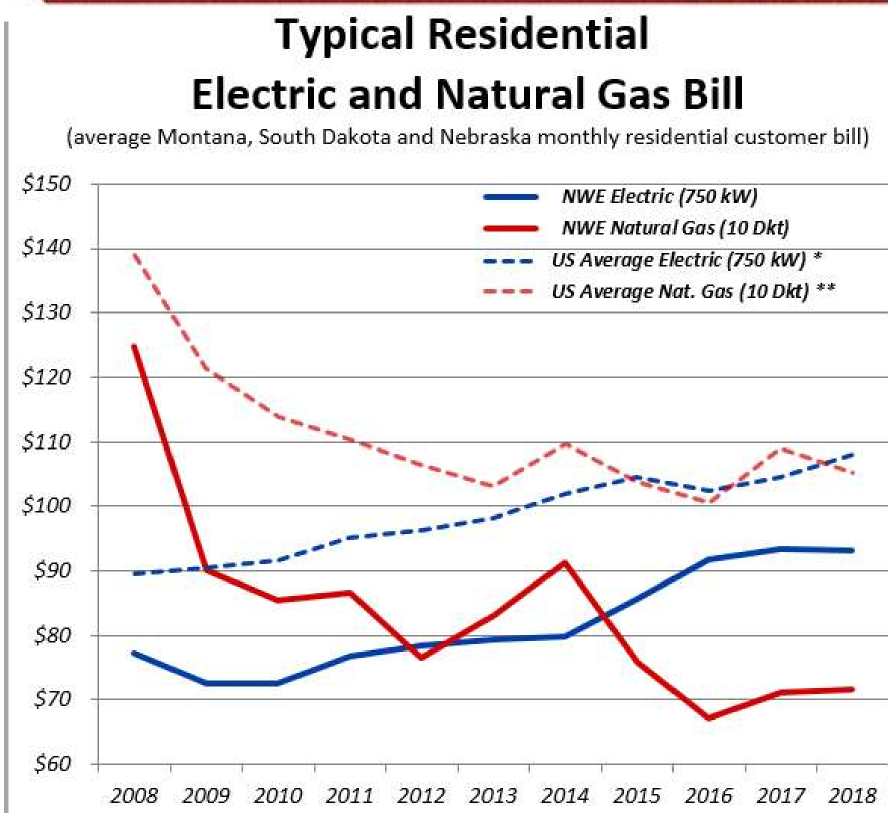
* *Peer Group: ALE, AVA, BKH, EE, IDA, MGEE, NWN, OGE, OTTR, PNM, POR & SR*

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%)**

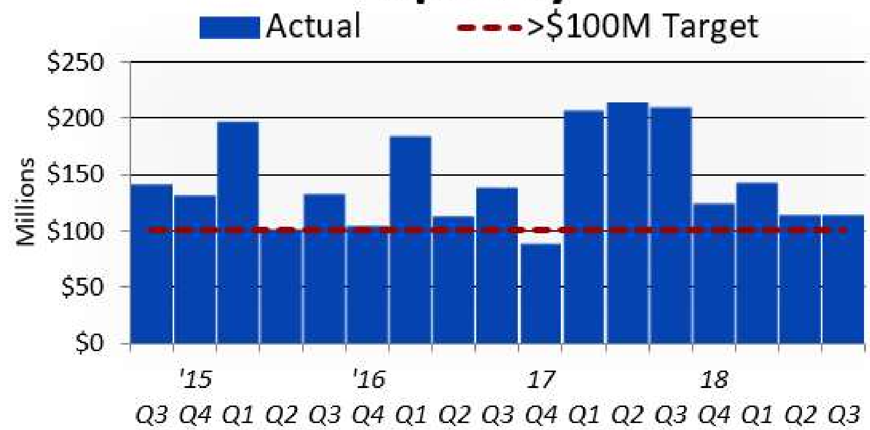
Balance Sheet Strength and Liquidity

Credit Ratings

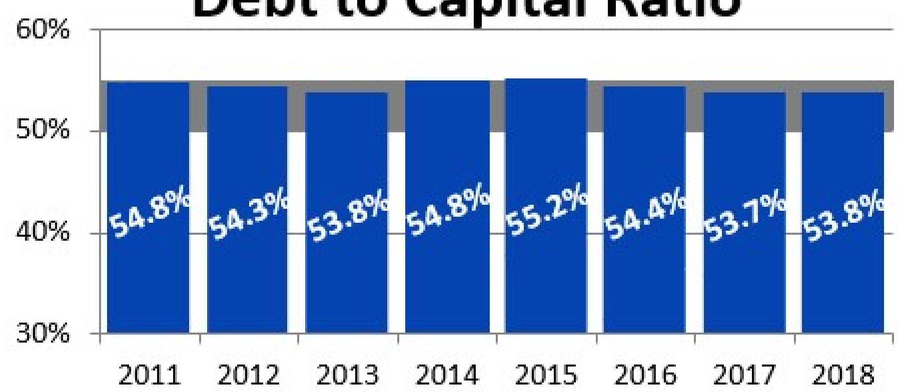
	Fitch	Moody's	S&P
Senior Secured Rating	A	A3	A-
Senior Unsecured Rating	A-	Baa2	BBB
Commerical Paper	F2	Prime-2	A-2
Outlook	Negative	Stable	Stable

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



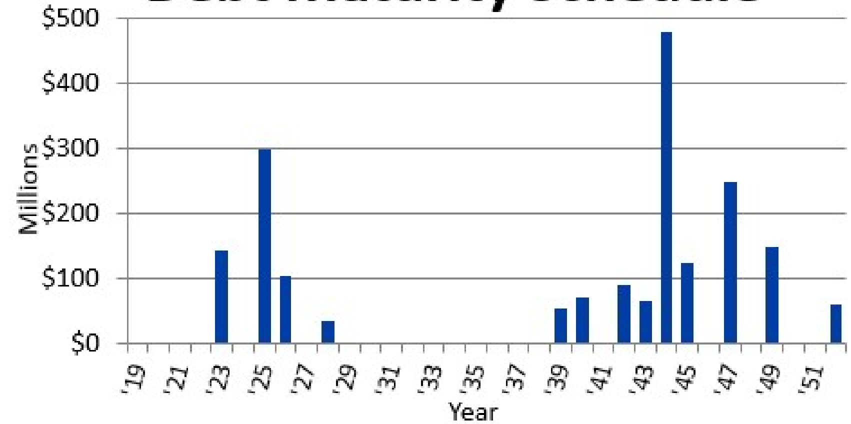
Debt to Capital Ratio



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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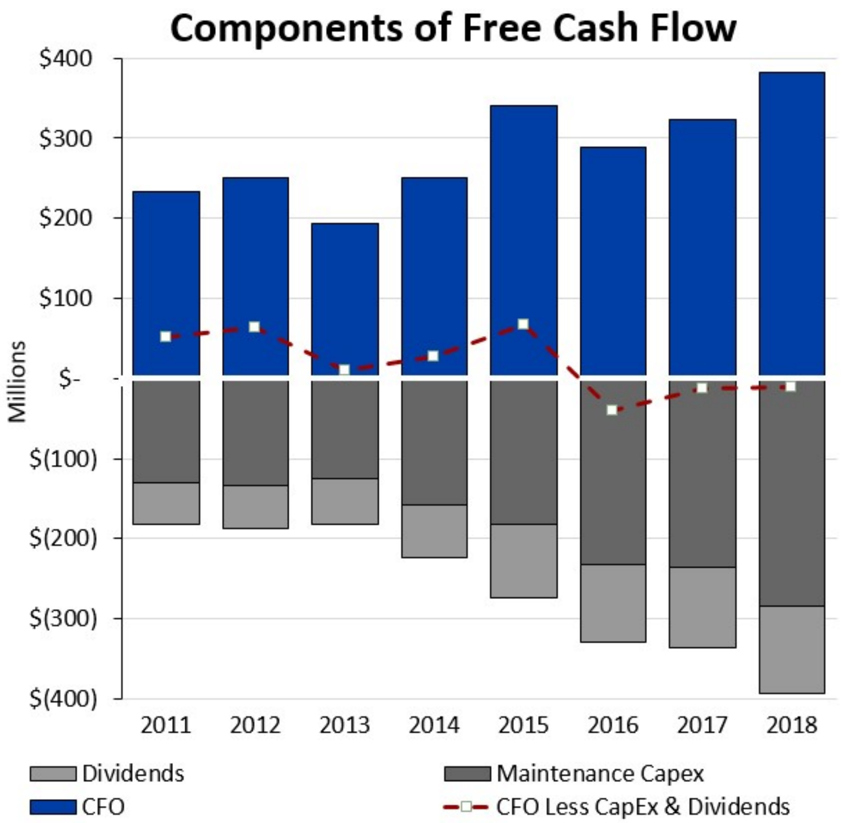
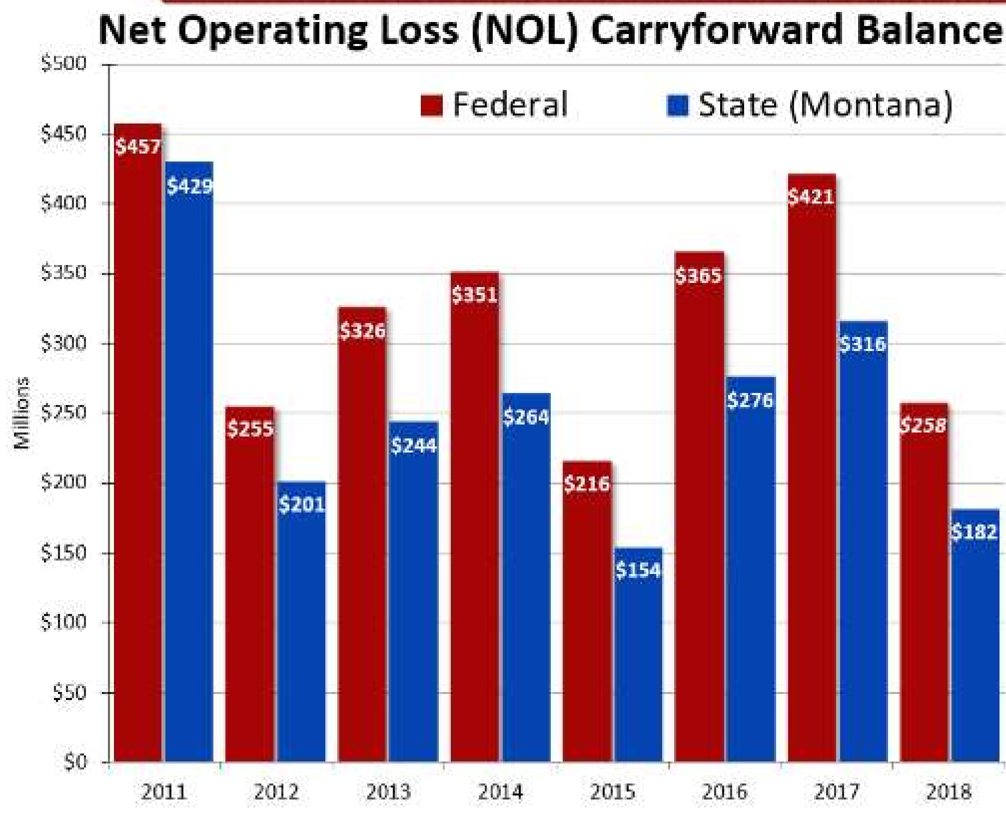
Strong Cash Flows



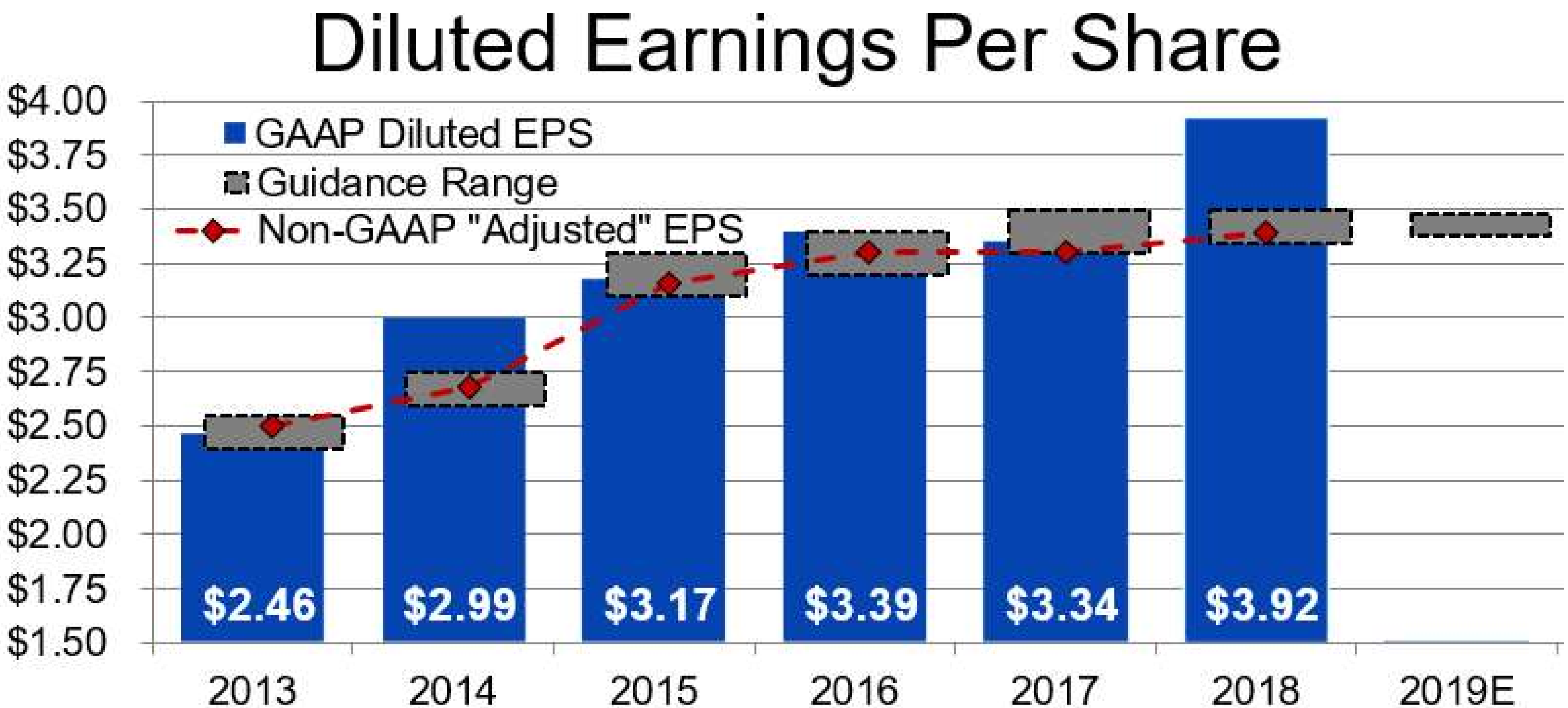


While maintenance capex and total dividend payments have continued to grow since 2011 (11.9% and 11.2% CAGR respectively), Cash Flow from Operations (CFO) has, on average, exceeded maintenance capex and dividend payments by approximately $7 million per year. Note: 2016 CFO is less than 2015 largely due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

NorthWestern initiates its 2019 adjusted non-GAAP earnings guidance range of $3.38 - $3.48 per diluted share based upon, but not limited to, the following major assumptions and expectations:

- Normal weather in our electric and natural gas service territories;
- MPSC approval of our pending settlement agreement in our Montana electric rate case;
- A consolidated income tax rate of approximately 0% to 5% of pre-tax income; and
- Diluted shares outstanding of approximately 50.7 million.

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.

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 2019 NorthWestern's proxy statement was winner of the "Best Proxy Statement (Small to Mid Cap)" by *Corporate Secretary Magazine*. We have been a finalist in 7 of the last 8 years and also won the award in 2014.

Board Diversity Recognition

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

Best Investor Relations Program

- Recognized, in 2018 and 2019, 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.

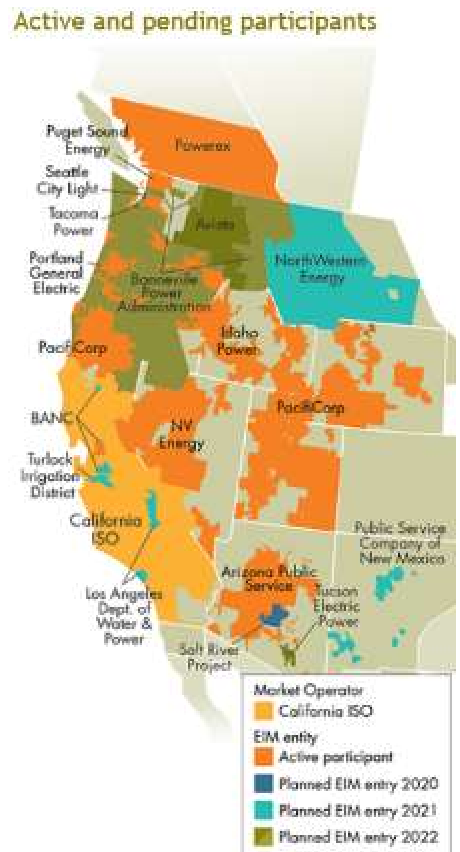
Environmental, Social and Governance Reporting

- 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.

Looking Forward

Regulatory

- In May 2019, we reached a settlement in our Montana electric rate case that would result in an annual increase to electric revenue of approximately $6.5 million (based upon a 9.65% ROE and capital structure as filed) and a $9.0 million decrease in depreciation expense. A hearing was held in May 2019 and briefing was completed in late August 2019. In September staff recommended the approval of the settlement as filed and **the commission approved with a 5-0 vote** at an October work session. **We expect a final order during the fourth quarter.**
- In May 2019, we submitted a filing with FERC for our Montana transmission assets. In June 2019, the FERC issued an order accepting our filing, granting interim rates (effective July 1 and subject to refund), establishing settlement procedures and terminating our related Tax Cuts and Jobs Act filing. A settlement judge has been appointed. **We expect to host technical conferences and engage in settlement discussions with intervenors, FERC and MPSC staff in the fourth quarter of 2019.**



Legislative

- The 2019 Montana legislature revised the electricity cost recovery statute to prohibit a deadband, and to require 100% recovery of Qualifying facility purchases and 90% customer - 10% shareholder sharing of costs above or below a baseline.

Continue to Invest in our Transmission & Distribution infrastructure

- Comprehensive infrastructure 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

Plans to join Western Energy Imbalance Market (EIM) in 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.

Cost Control Efforts

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

NWE Welcomes New Board Members

Term commenced Oct. 2019

Jeffrey Yingling is a Senior Advisor Investment of Banking for Power, Energy and Renewables at Guggenheim Securities, LLC, the investment banking and capital markets business of Guggenheim Partners, with more than 35 years of investment banking experience, serving as an advisor to companies in the power and utilities sector. Along with Yingling's experience with Guggenheim Securities, his career has included senior investment banking positions in the power and utilities sector, with J.P. Morgan, Morgan Stanley, Dean Witter Reynolds, and The First Boston Corporation. He also serves on the board of directors of LendingPoint LLC, and the board of trustees of the Chicago Historical Society. He formerly served on the board of directors for Navigant Consulting, Inc.

Term commenced Dec. 1, 2019

Mahvash Yazdi is president of Feasible Management Consulting, providing strategic consulting in energy and technology, and the former senior vice president and chief information officer of Edison International as well as former chief information officer at Hughes Electronics. Yazdi is nationally recognized as an expert in corporate information technology, drawing from over 38 years of experience over three industries and continents. She also has dedicated her life to serving others, exemplified by receiving the prestigious Ellis Island Medal of Honor and publishing her charitable memoir, *60:60 Celebrating Sixty Years With Sixty Acts Of Kindness*.

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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.

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.

- 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.
- 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 with post-hearing briefing completed in late August 2019.
- Staff recommended that the MPSC approve and adopt the settlement as filed in September 2019.
- **The MSPC approved the settlement with a 5-0 vote at an October 30th work session.**

Next Steps

- **We expect a final order from the MPSC during the fourth quarter of 2019.**
- As of September 30, 2019 we have recognized revenue of approximately $2.8 million, reduced depreciation expense by approximately $6.7 million, and have deferred approximately $1.8 million of the interim revenues based on the proposed settlement. Any difference between the interim and final approved rates will be refunded to customers.

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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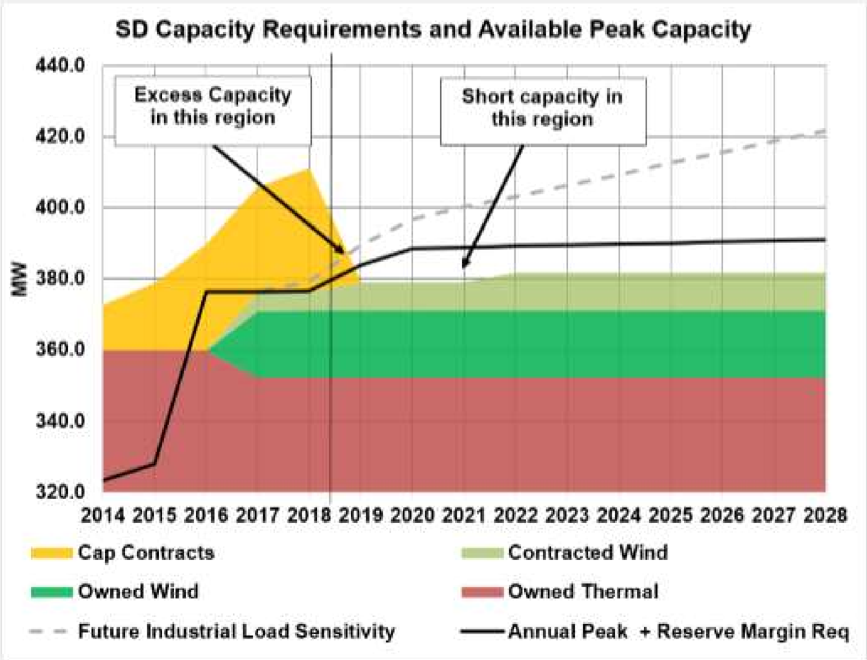
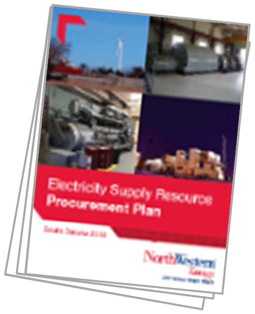
South Dakota Electricity Supply Resource Plan

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.
- As a result of the competitive solicitation process, we anticipate to construct and own natural gas fired reciprocating internal combustion engines at a brownfield site in Huron, South Dakota. Dependent upon manufacturer selection, we anticipate 55-60 MW of new capacity to be online by late 2021 at a total investment of approximately $80 million. The selected proposal is subject to the execution of construction contracts and obtaining the applicable environmental and construction related permits.





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.

http://www.northwesternenergy.com/docs/default-source/documents/investor/sd-2018-plan.pdf

NorthWestern Energy
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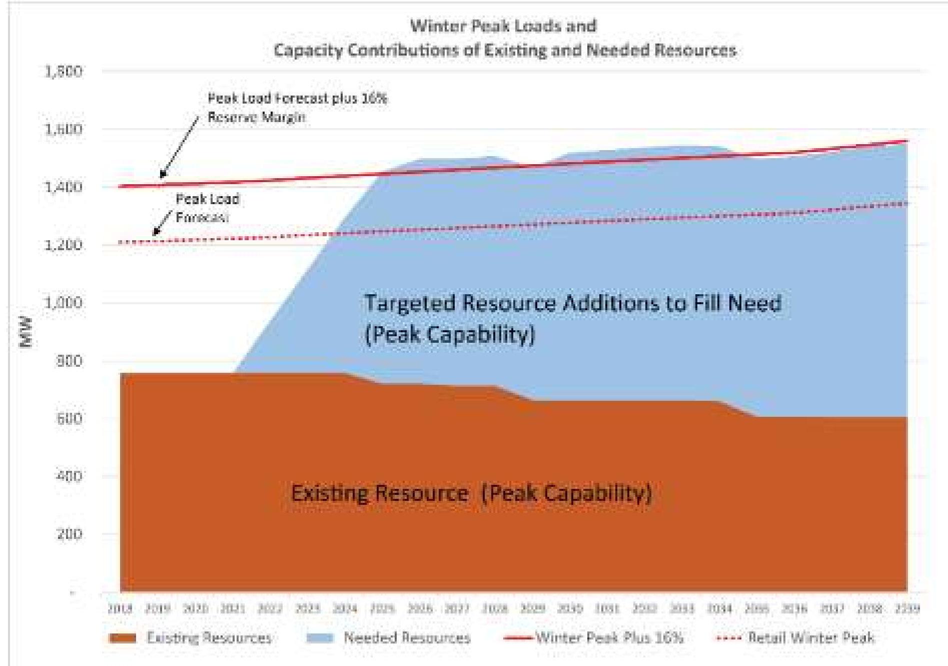
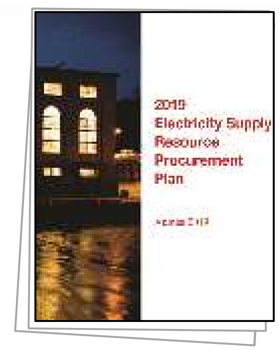
Montana Electricity Supply Resource Plan

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 for commercial operation in early 2023. We expect the process will be repeated in subsequent years to provide a resource-adequate energy and capacity portfolio by 2025.





The all-source capacity additions discussed 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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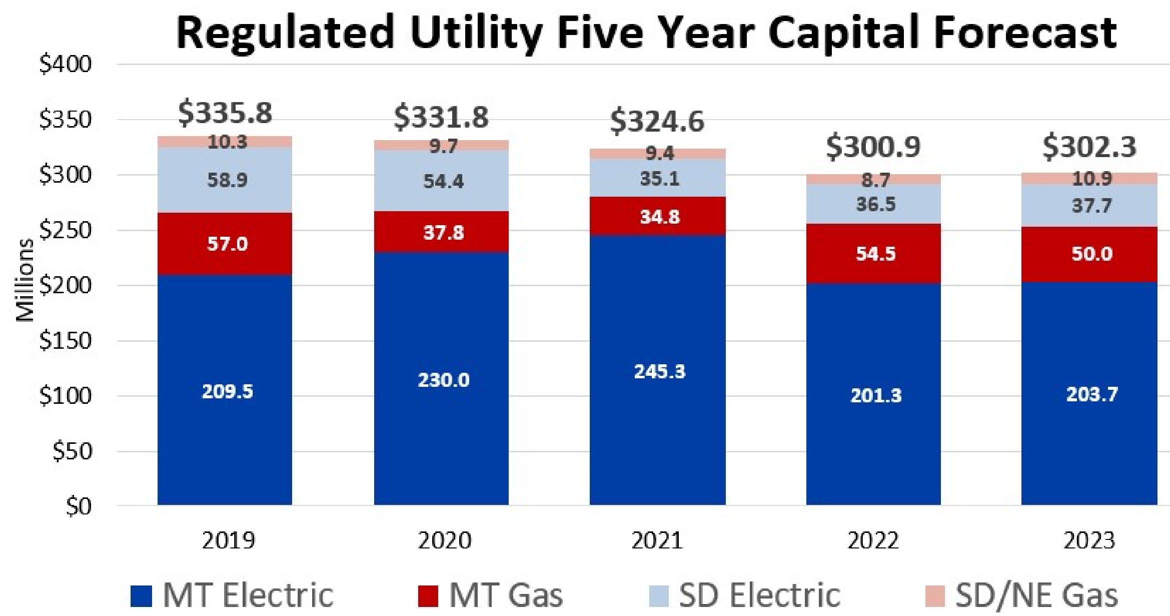
https://www.northwesternenergy.com/our-company/regulatory-environment/2019-electricity-supply-resource-procurement-plan

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 <u>not</u> in the projections or further negative regulatory actions could necessitate additional equity funding.



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

Capital projections above <u>do not</u> include investment necessary to address identified generation capacity issues in South Dakota and Montana. However, based on the results of the recent competitive solicitation process in South Dakota, <u>we will be adding approximately $80 million of incremental investment</u> (spread between 2020-2021) with our next capital update in February 2020. This incremental generation spend along with some accelerated spend on AMI is expected to result in nearly $400 million of capital investment in 2020.

Preliminary 2019 to 2020 Bridge (non-GAAP)

	Low	Midpoint	High
2019 Non-GAAP Adjusted Diluted EPS (Midpoint)		$3.43	
	$3.43		$3.43
2020 Earnings Drivers (after-tax and per share)			
Gross margin improvements	0.14	-	0.20
OG&A expense decreases	0.10	-	0.13
Property & other taxes	(0.09)	-	(0.08)
Depreciation expense	(0.17)	-	(0.15)
Interest expense	(0.05)	-	(0.03)
Other income	0.04	-	0.05
Incremental tax benefit*	0.06	-	0.07
Subtotal of anticipated improvements	**0.03**	-	**0.19**
2020 EPS guidance range prior to potential equity dilution	**$3.46**		**$3.62**
Dilution from Potential 2020 Equity Program	(0.01)	-	(0.02)
2020 EPS guidance range after potential equity dilution	**$3.45**		**$3.60**
2020 Non-GAAP Adjusted Diluted EPS (Midpoint)		**$3.53**	
2020 Targeted dividend payout ratio	68.0%		68.0%
2020 Preliminary targeted dividend range	**$2.35**		**$2.45**
Preliminary 2020 Targeted dividend midpoint		**$2.40**	

* 2020 earnings drivers shown above are calculated using a 25.3% effective tax rate. The tax benefit as shown above is primarily due to the potential for slightly higher meters & repairs tax repair deductions in 2020.

2019 Midpoint → 2020 Midpoint

Targeted EPS Growth
$3.43 → $3.53 = 2.9% Increase

Estimated Dividend Yield
$2.40 / ~$71 share price = 3.4%

Continued investment in our system to serve our customers and communities is expected to provide a targeted 6-9% long-term total return to our investors through a combination of earnings growth and dividend yield. Opportunities to invest (i.e. winning bids) in future competitive solicitations for capacity generation solutions could allow us to reach the top end of the targeted return range.

Targeted Dividend Growth
$2.30 → $2.40 = 4.3% Increase

Assumptions included in Preliminary 2020 Guidance includes, but is not limited to, the following major assumptions:

- *Normal Weather in our service territories;*
- *MPSC approval of our pending settlement agreement in our Montana electric rate case;*
- *A consolidated income tax rate of (2%) to +3% of pre-tax income; and*
- *Diluted average shares of approximately 50.8 million.*

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Environmental – Social – Governance (ESG)

Environmental

Updated Environmental Report coming soon

Environmental Report

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

Social

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

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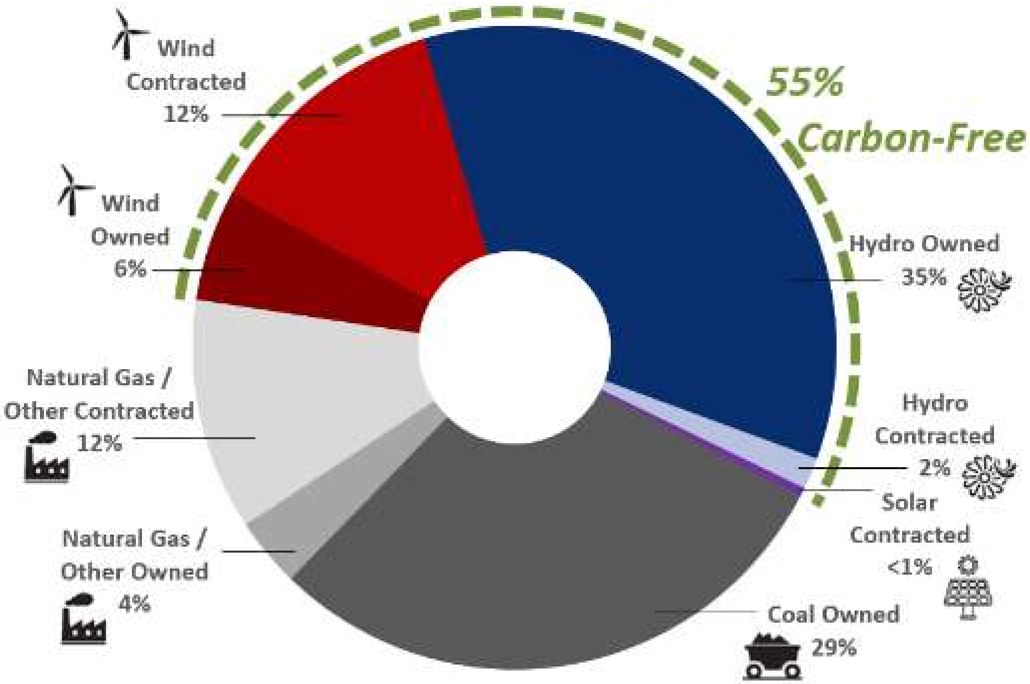
ESG - Environmental

2018 NWE Generation Portfolio Delivered

(Based on MWH of Owned & Long-Term Contracted Resources)



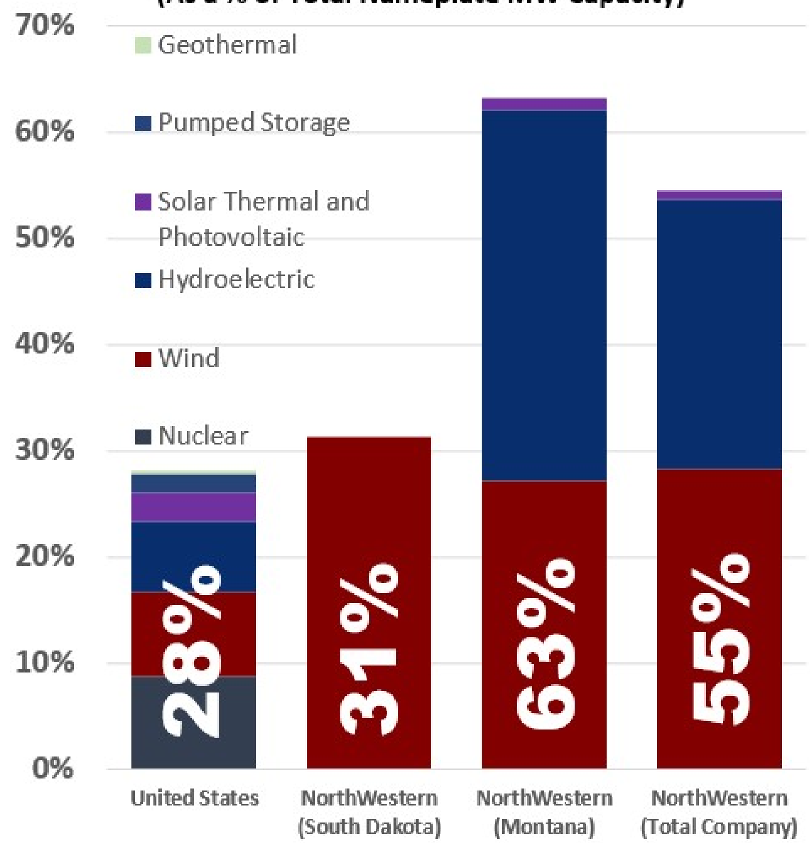
55% of NorthWestern Energy's 2018 Electric Generation Portfolio Delivered, based on MWh's, was Carbon-Free


Mystic Dam


Beethoven Wind Farm

2018 Carbon-Free Owned & Long-Term Contracted Nameplate Generation Resources

(As a % of Total Nameplate MW Capacity)



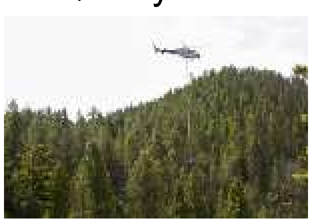
55% Carbon Free Nameplate Portfolio
vs
28% National Average

ESG - Environmental

Environmental Stewardship

Highlights of our Environmental Report

- Energy Conservation
- Recycling Efforts
- Smart Meters
- Environmental Protection Programs
  - O'Dell Creek Restoration
  - Pallid Sturgeon Recovery
  - Rainbow Trout Stocking – Hauser & Holter Reserves
  - Lower Madison River Thermal Pulse Program
  - Public Recreation Support with Missouri-Madison Trust
  - Crow Creek Shore Restore
  - Thompson Falls Fish Ladder Program
- Water Quality Monitoring
- Polychlorinated Biphenyls (PCB) Management
- Cultural Resource Management
- Avian Protection Plan
- Environmental Permitting
- Storm Water Management
- Vegetation Management
- Aerial Tree Trimming
- Oil Spill Prevention Measures
- Hazardous Waste Management
- Air Quality Controls



Ariel Tree Trimming and Trout Stocking

LED Streetlights – plan to replace 43,000 company-owned streetlights in Montana with LED lights by 2022, with SD in planning stage.

Solar Projects - Our Solar projects are focused on building sustainability in collaboration with our communities, schools and universities. Projects integrate Solar with Storage and Automation creating an educational platform that demonstrates the economics and social benefits of Community Solar, Urban integration (unique solar configurations), Rural Reliability, and Micro-grids. To date projects have been built in Bozeman, Missoula, Deer Lodge and Yellowstone National Park with others planned.

Missoula Solar Project

LEED Gold Certification - In 2019 NorthWestern Energy's General Office in Butte earned a Gold Certification for Leadership in Energy and Environmental Design (LEED) from the U.S. Green Building Council recognizing a sustainable site, community connectivity, maximum open space water use reduction, construction waste management, recycled content and green power.

Hydroelectric Projects – provide $1.9M annually under a Protection, Mitigation and Enhancement (PME) Program partnering with landowners and agencies to manage fish, wildlife, habitat and water quality. NWE has also provided $1.25M in support of 126 recreation projects through the Missouri-Madison River Fund.

O'Dell Creek Restore

Avian Protection Plan – We incorporate industry best practices developed by the Avian Power Line Interaction Committee (APLIC) to reduce bird mortalities from power line collisions and electrocutions - including avian-friendly design standards for power poles, training line crews,. collaboration with resource agencies, a formal avian mortality reporting process, building osprey platforms and efforts to increase public awareness.

Osprey protection

ESG - Social

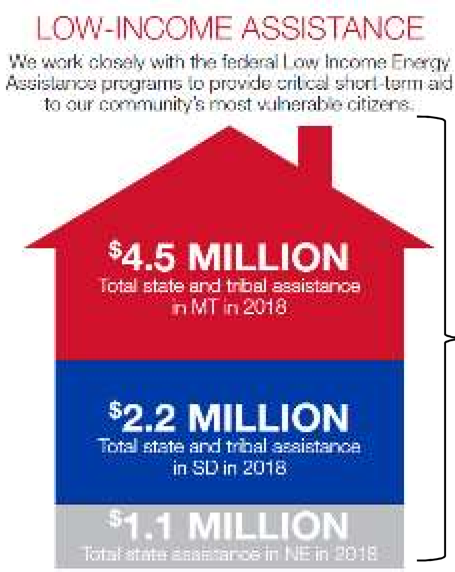
Community

$2.1 Billion Economic Output in 2018 ($1.88B in Montana & $266M in SD/NE) CIRCLE ANALYTICS

$1.75 million Donations, Sponsorships & Economic Development in 2018

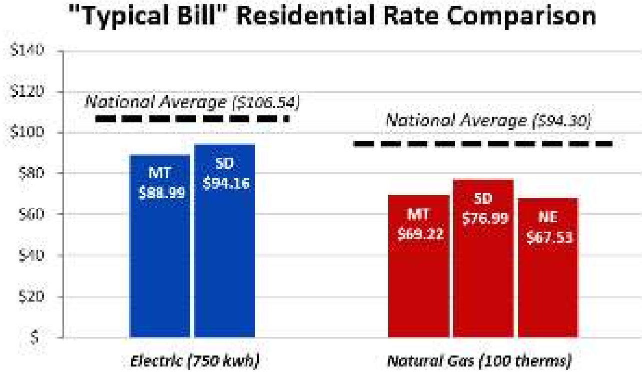
184 Number of nonprofits that received grants through Employee Volunteer Program

$7.8 Million Low-Income Energy Assistance in 2018



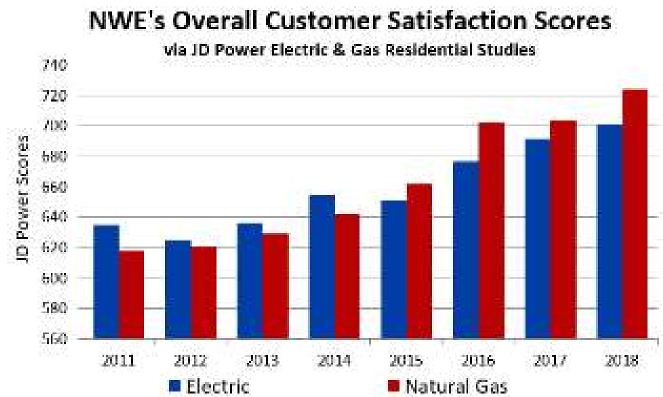
Customers

Typical Residential Bills Lower than National Average



Electric source: Edison Electric Institute Typical Bills and Average Rates Report, January 1, 2019
Natural Gas source: US EIA Monthly residential supply and delivery rates as of January 2019

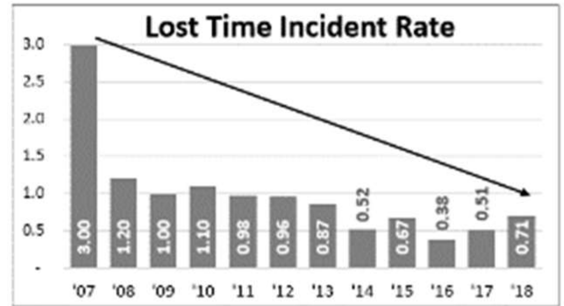
Building on Our Best – Improved Customer Satisfaction Scores

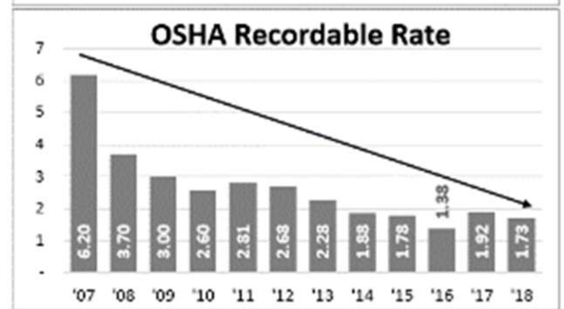


Over the last 13 years, our energy efficiency programs have helped customers save 685,041 MWh's of energy – enough to power 76,000 homes for a year.

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**

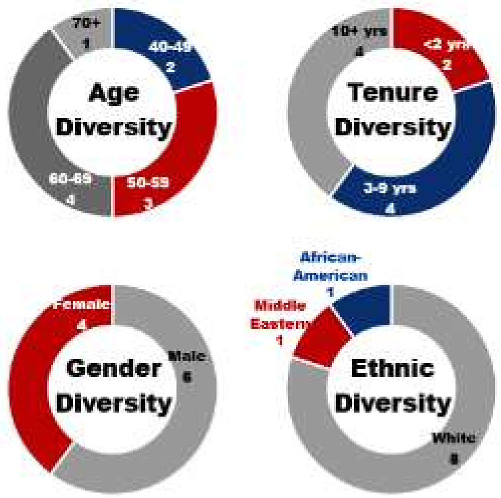
Corporate Governance

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.

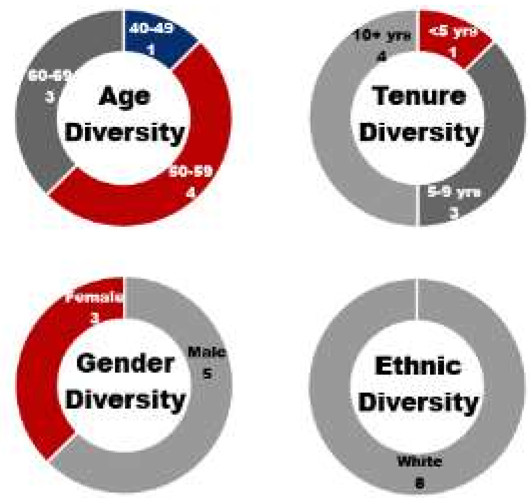
What We Don't Do:
- Poison pill or a shareholder rights plan.
- Hedging of company securities.
- Corporate political contributions.
- Supermajority voting, except to approve certain business combinations or mergers.

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 and Proposed Acquisition of incremental ownership of Colstrip Unit 4 and the associated Colstrip Transmission System

Our Carbon Reduction Vision for NorthWestern Energy in Montana

1

90% carbon reduction by 2045

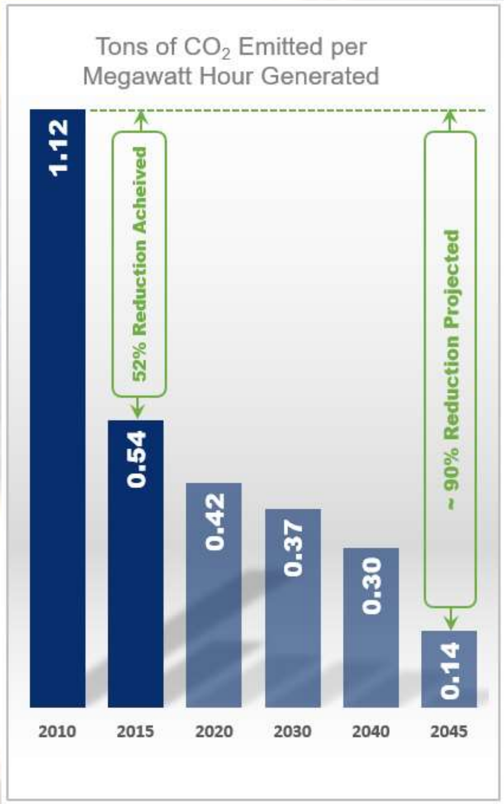
NorthWestern Energy commits to reduce the carbon intensity of our electric energy portfolio for Montana 90% by 2045.*

** 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). 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.

Transaction Overview

On December 9, 2019 NorthWestern (NWE) executed a Purchase and Sale Agreement for the acquisition of Puget Sound Energy's (PSE) 25% ownership interests in Colstrip Unit 4 (CU4).

- Generating Capacity: 185 MW
  (bringing our total ownership to 407 MW, or 55% of CU4)
- Purchase Price: $1.00
- PSE will remain responsible for its current pro rata ownership share of environmental and pension liabilities attributed to events or conditions existing prior to closing of the transaction and for any demolition, reclamation, or remediation costs associated with the existing facilities that comprise CU4.
- PSE will enter a Power Purchase Agreement (PPA) with NWE to purchase 90 MW of power for approximately 5 years – generally indexed to Mid-C prices.
  - Net proceeds from the PPA will be placed in a fund and applied against future decommissioning and remediation costs related to the existing 30%, or 222 MW, ownership in CU4.
  - PPA includes a price floor that reflects the recovery of all fixed and variable PPA power costs.
- **The transaction is conditioned upon Pre-Approval by the Montana Public Service Commission**.

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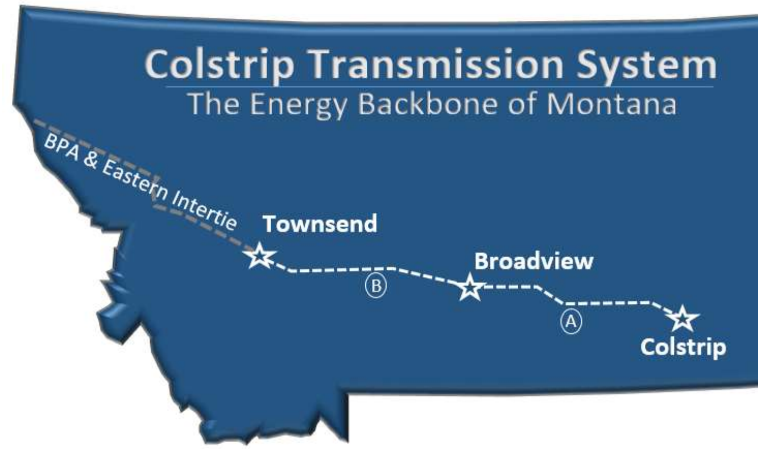
Transaction Overview (cont.)

- **In a separate transaction, NorthWestern expects to acquire a portion of PSE's interest in the 500 kilovolt Colstrip Project Transmission System (CTS)** and will retain an option to purchase another portion of PSE's interest in the system at the expiration of the previously discussed PPA.



- NorthWestern is not seeking MPSC pre-approval for the transmission assets, but would expect to request recovery in its next general filing.
  - Purchase price is the depreciated book value, anticipated to be \$2.75 - \$3.75 million, for approximately 5% of the total system with a similar purchase option expected at PPA expiration. NorthWestern currently owns 36.4% of the Colstrip to Broadview (A) segment and 24.3% of the Broadview to Townsend segment (B).
  - The CTS is a critical backbone of Montana. It provides a path for energy import to serve our customers – which is especially critical as Colstrip Units 1 and 2 close – and provides an export path for Montana-based renewable development. Additionally, increased CTS ownership is required to integrate the planned generation acquisition from PSE into the system.

Anticipated timeline of Condition-to-Close filings:

Q1 2020 – MPSC pre-approval of the CU4 acquisition and FERC Section 203 authorization
Q3 2020 – FERC Decision on Section 203 filing
Q4 2020 – MPSC Decision on pre-approval filing

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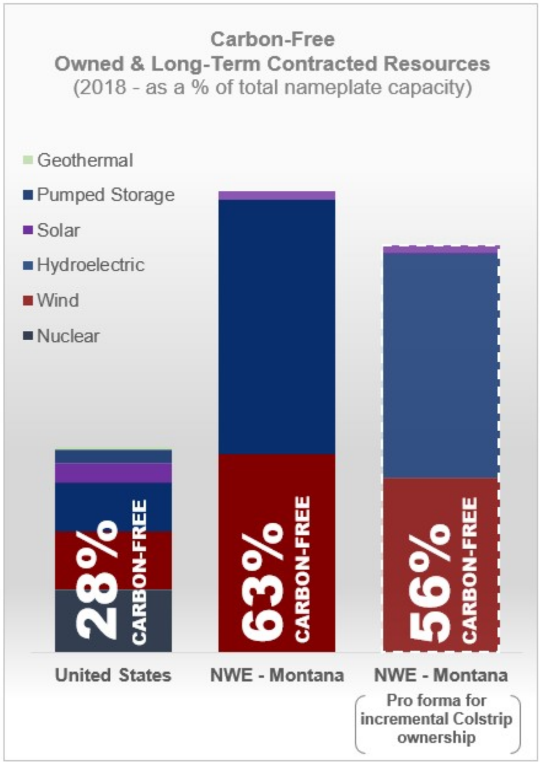
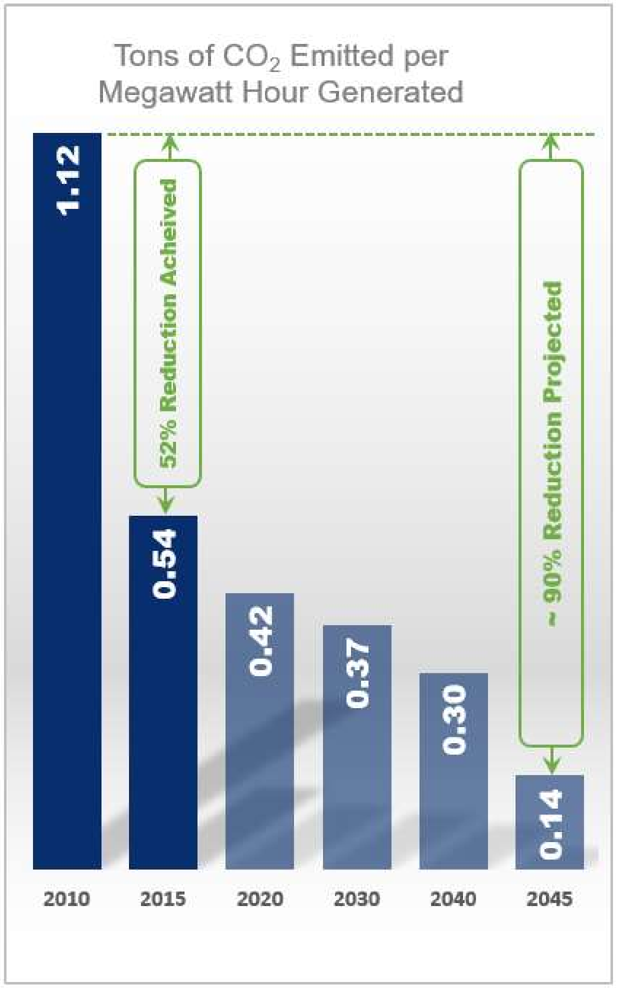
Customer & Community Considerations

- Affordable Capacity: Acquiring a larger share of Colstrip for $1.00 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 after acquiring the additional 185 MW, NWE Montana will still be twice as 'green' (56%) as the total U.S. electric power industry (28%) on a nameplate basis.



- Funding for Remediation: Net benefits from the transaction and net proceeds from the new 90 MW, approximately 5 year, PPA will be placed in a fund and applied against future decommissioning and remediation 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.

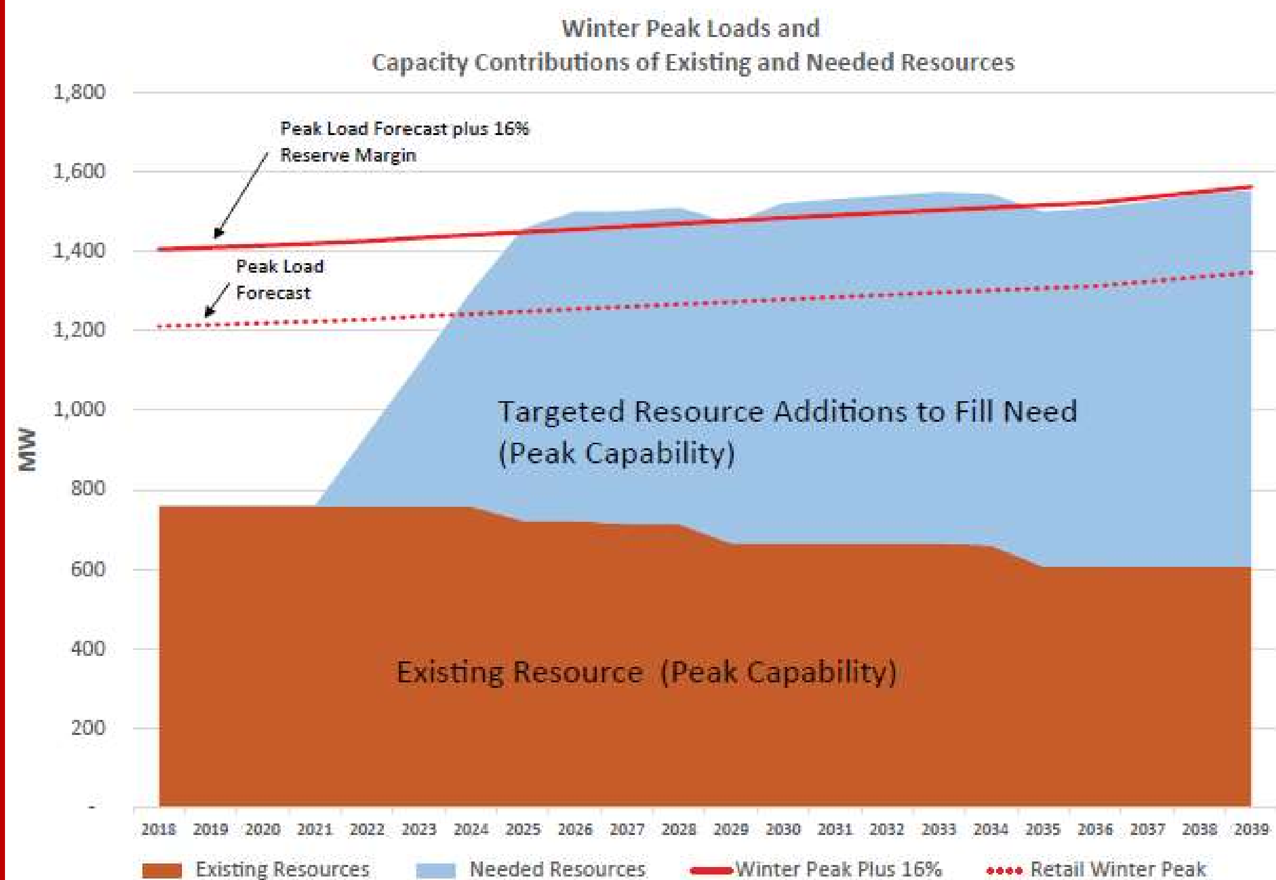
Investor & Credit Considerations



- Protects Existing Ownership Interests: Increased ownership (from 30% to 55%) 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 CU4.
- Limited Impact on Customers' Bills: Resolves 25% of the estimated 725 MW of capacity deficit for $1.00 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.**

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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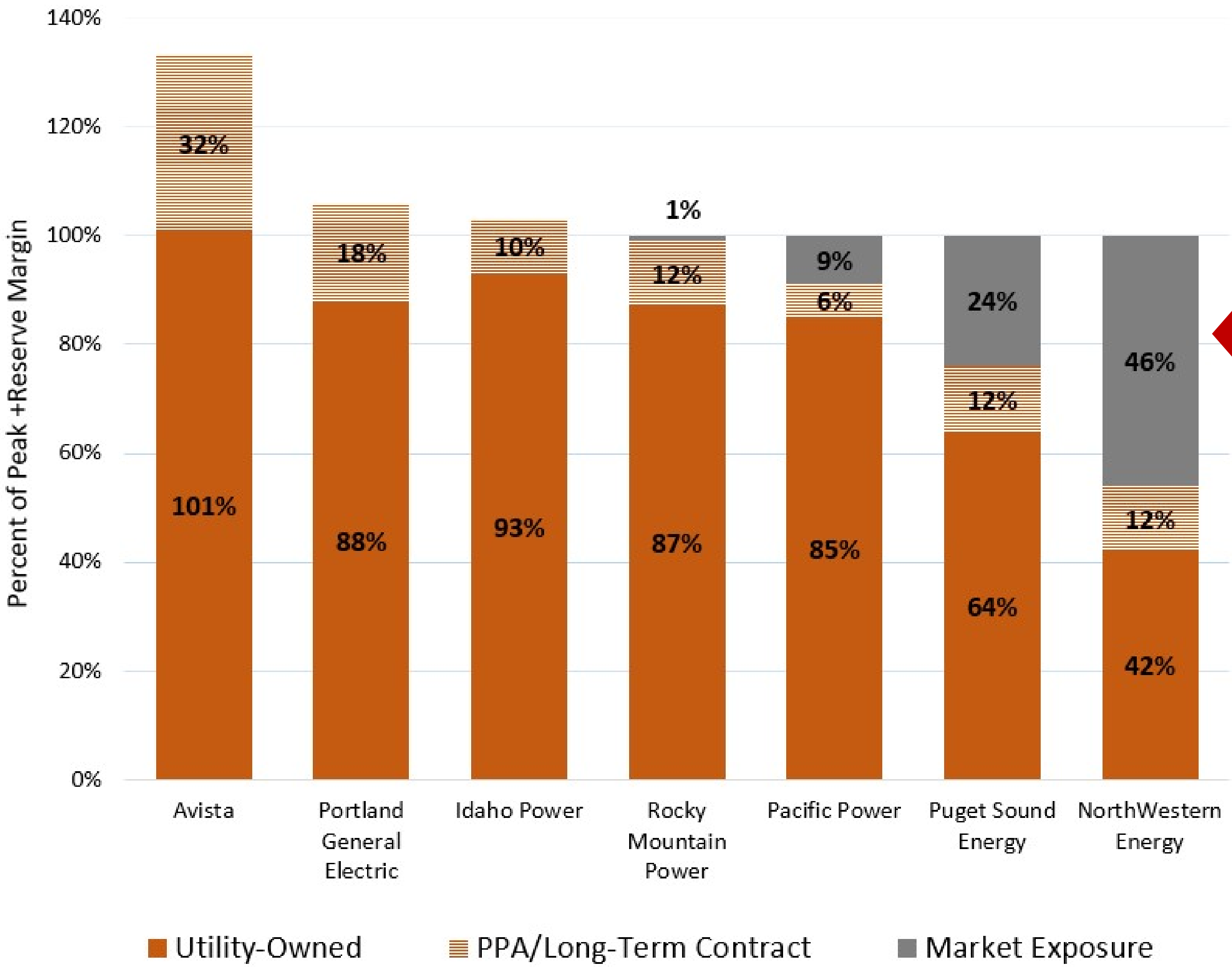
NWE Capacity as compared to Regional Peers



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

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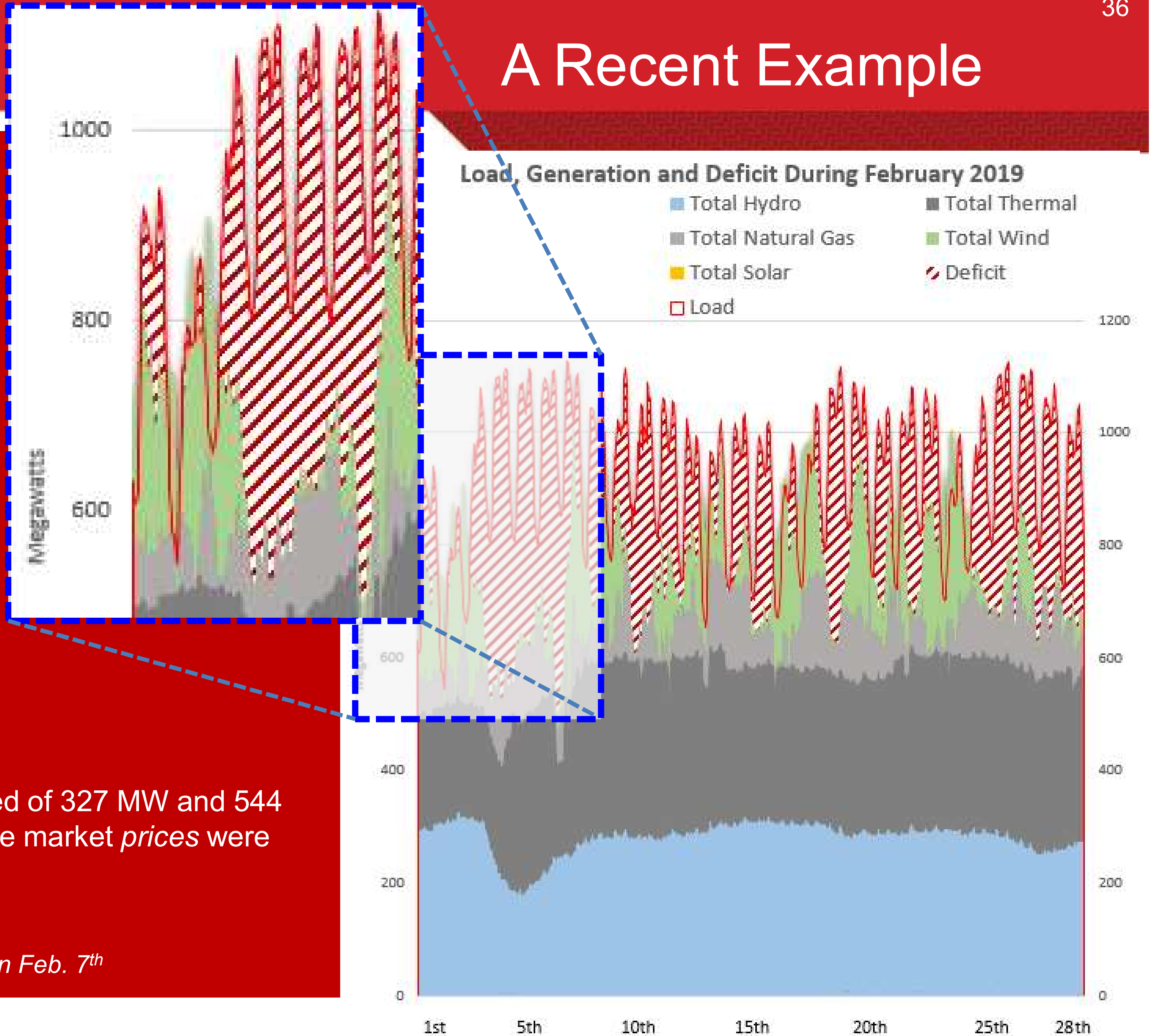
A Recent Example

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

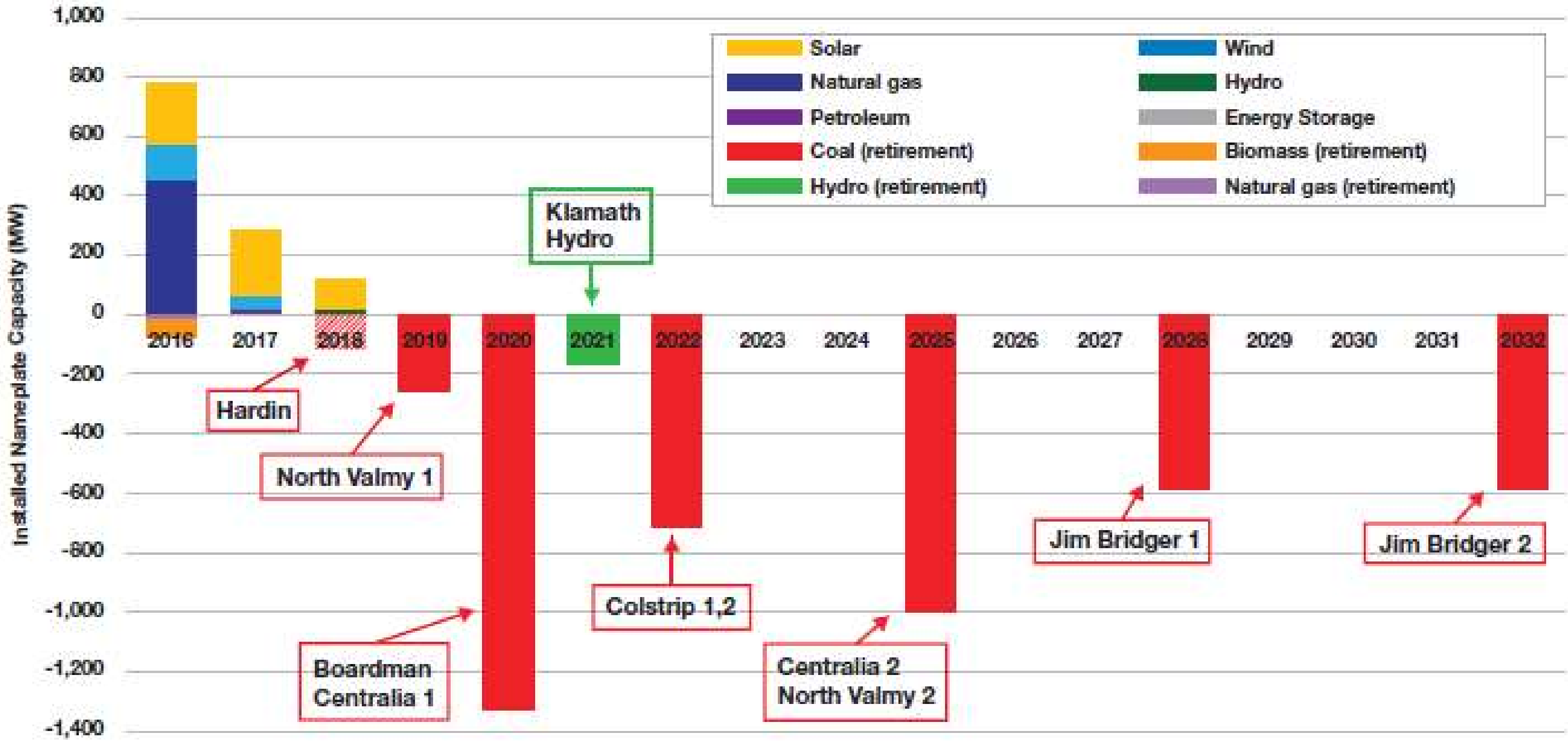
We were forced to rely upon an already strained market and transmission system for a significant amount of our required capacity (shown in red hatch).

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.

Capacity Cost Alternatives

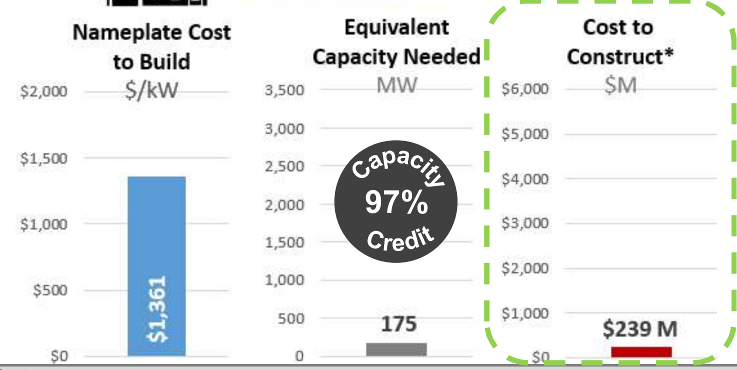
Colstrip 185 MW

Capacity 92% Credit

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

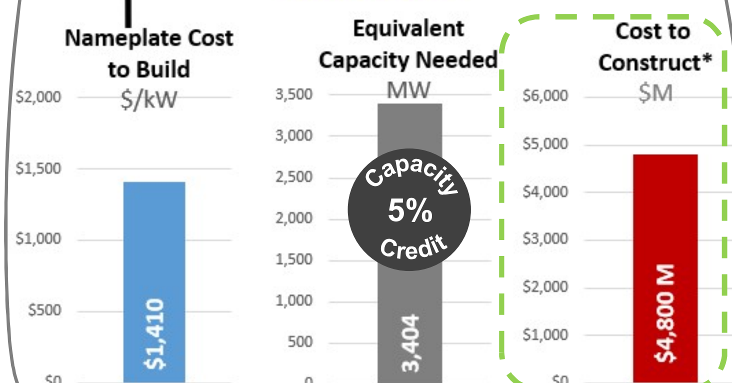
Purchase price: $1.00

Natural Gas Simple Cycle Plant



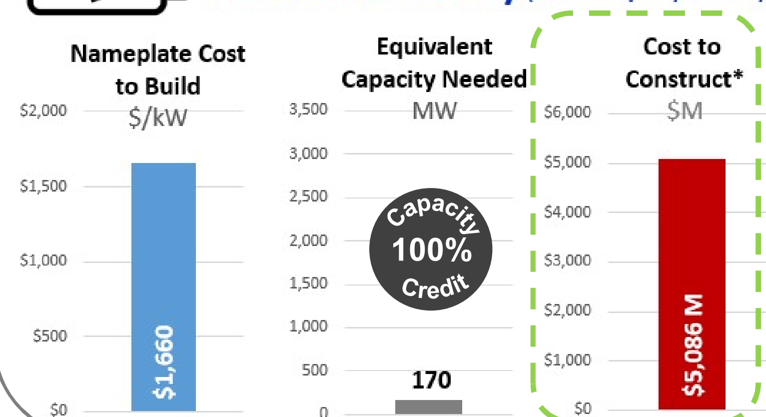
170,200 kW ÷ 97% capacity credit = 175,500 kW
175,500 kW need x $1,361 per kW costs =
$239 Million for equivalent capacity

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)



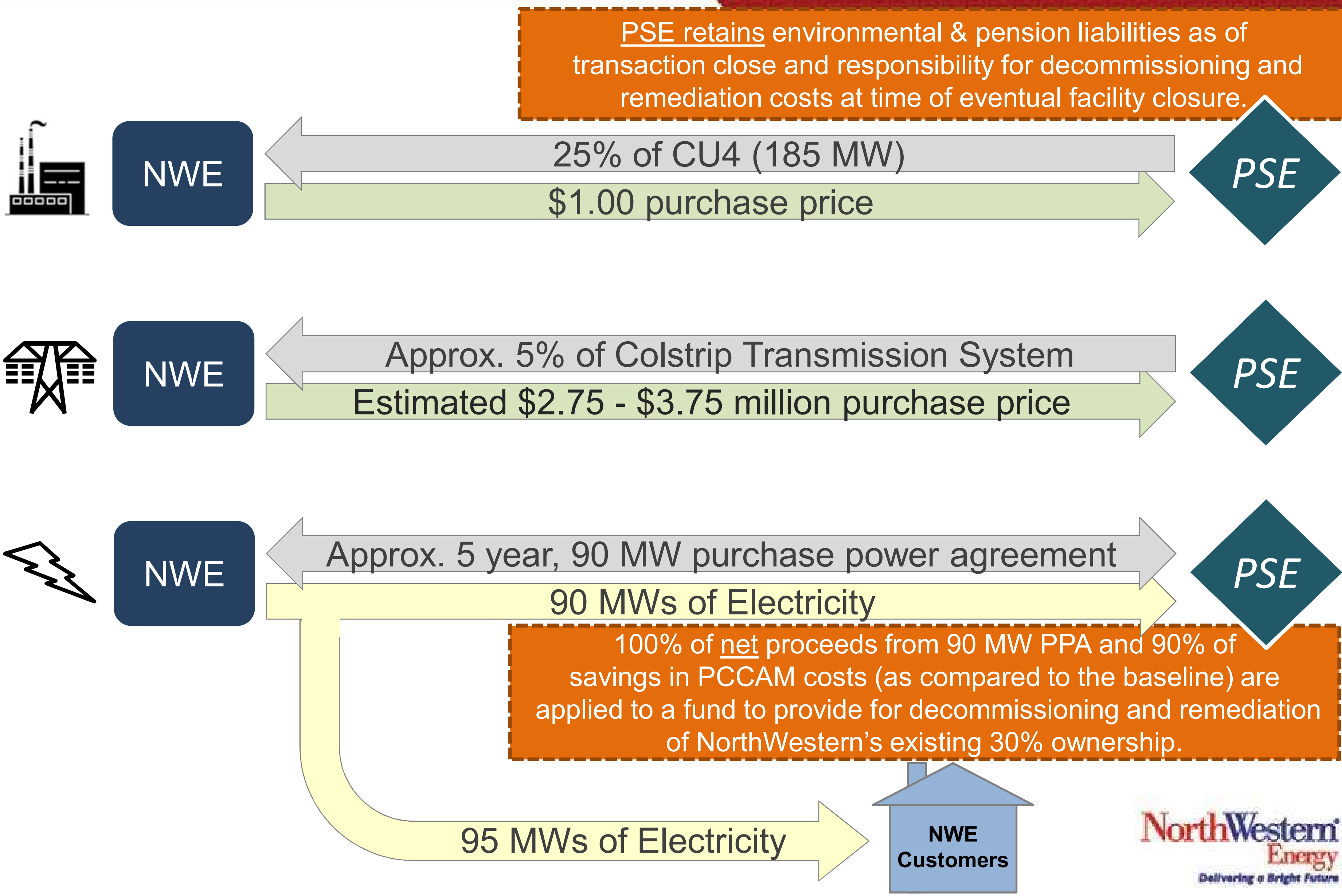
170,200 kW ÷ 100% capacity credit = 170,200 kW
170,200 kW x $1,660 per kW = $282.5 Million per four-hour battery bank
$282.5 Million x 18 batteries banks =
$5.1 Billion for 72 hours of battery capacity

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

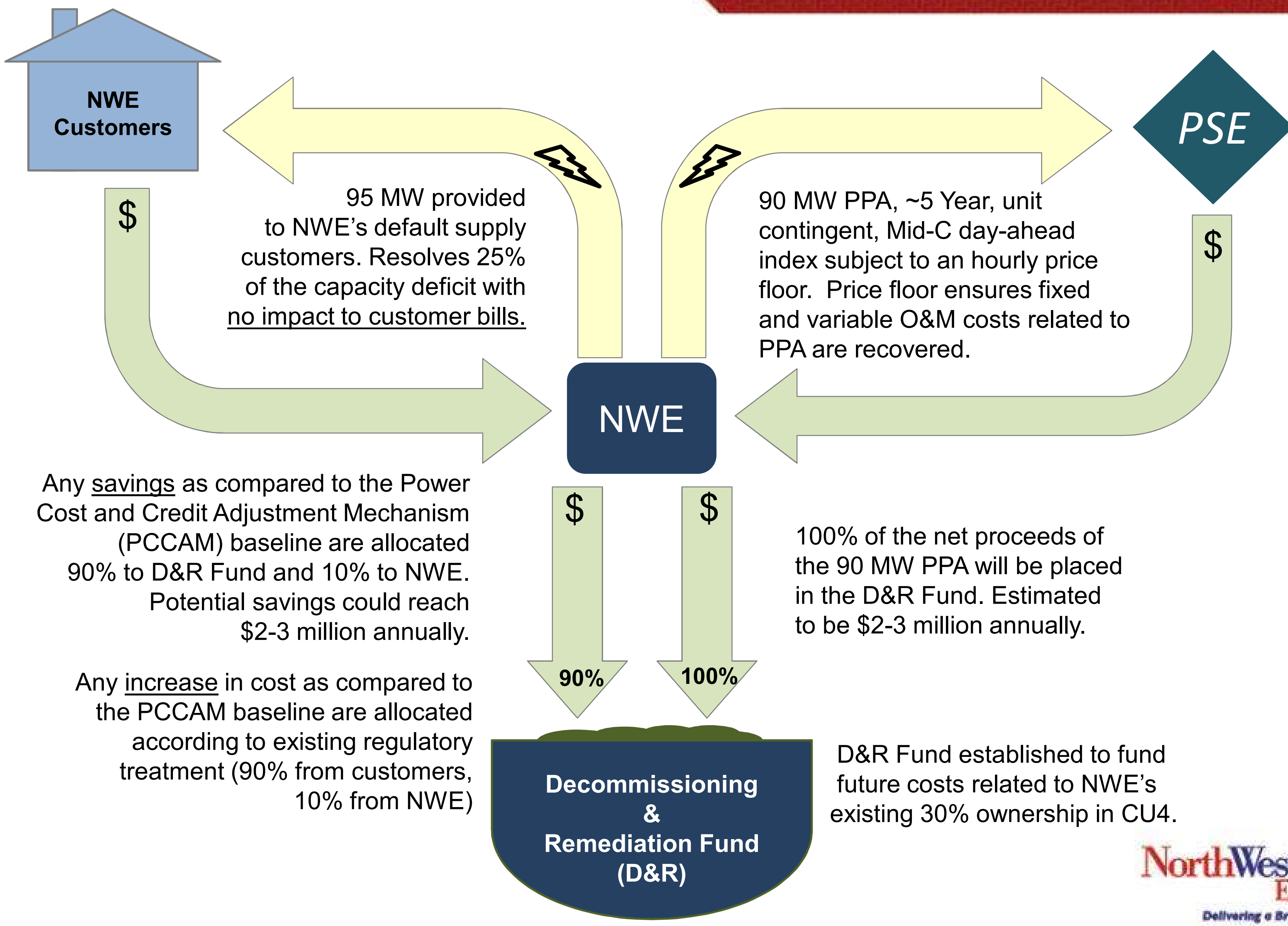
Alternative solutions to provide equivalent capacity are estimated to range from roughly $240 million to over $5 billion.

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

General Transaction Structure



Proposed Post-Closing Structure



95 MW provided to NWE's default supply customers. Resolves 25% of the capacity deficit with <u>no impact to customer bills.</u>

90 MW PPA, ~5 Year, unit contingent, Mid-C day-ahead index subject to an hourly price floor. Price floor ensures fixed and variable O&M costs related to PPA are recovered.

Any <u>savings</u> as compared to the Power Cost and Credit Adjustment Mechanism (PCCAM) baseline are allocated 90% to D&R Fund and 10% to NWE. Potential savings could reach $2-3 million annually.

Any <u>increase</u> in cost as compared to the PCCAM baseline are allocated according to existing regulatory treatment (90% from customers, 10% from NWE)

100% of the net proceeds of the 90 MW PPA will be placed in the D&R Fund. Estimated to be $2-3 million annually.

D&R Fund established to fund future costs related to NWE's existing 30% ownership in CU4.

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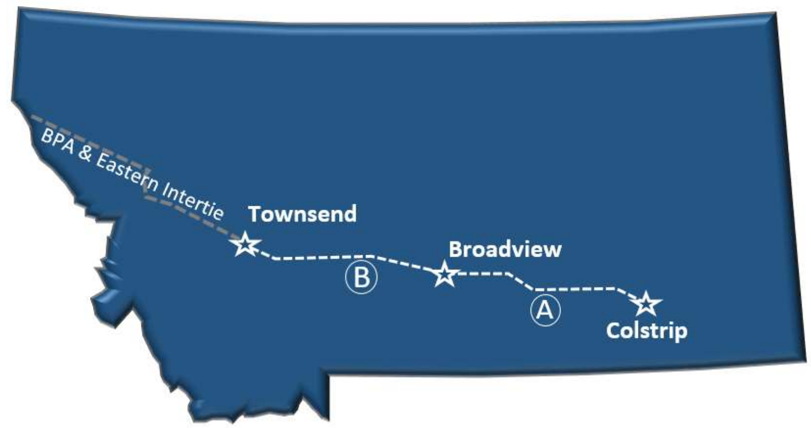
Existing Ownership

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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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 (Nine Months Ended Sept. 30)

(in millions except per share amounts)	Nine Months Ended September 30,			
	2019	2018	Variance	% Variance
Operating Revenues	$ 929.8	$ 883.2	$ 46.6	5.3%
Cost of Sales	235.7	200.5	35.2	17.6%
Gross Margin [(1)]	**694.1**	**682.7**	**11.4**	**1.7%**
Operating Expenses				
Operating, general & administrative	238.9	222.0	16.9	7.6%
Property and other taxes	133.2	128.3	4.9	3.8%
Depreciation and depletion	129.8	130.9	(1.1)	(0.8%)
Total Operating Expenses	**501.9**	**481.2**	**20.7**	**4.3%**
Operating Income	**192.2**	**201.5**	**(9.3)**	**(4.6%)**
Interest Expense	(71.0)	(68.2)	(2.8)	(4.1%)
Other Income	0.9	1.8	(0.9)	(50.0%)
Income Before Taxes	**122.1**	**135.1**	**(13.0)**	**(9.7%)**
Income Tax Benefit / (Expense)	20.1	(4.6)	24.7	537.0%
Net Income	**$ 142.1**	**$ 130.5**	**$ 11.6**	**8.9%**
Effective Tax Rate	-16.5%	3.4%	-19.9%	
Diluted: Average Shares Outstanding	50.8	50.0	0.8	1.6%
Diluted Earnings Per Share	$2.80	$2.61	$0.19	7.3%
Dividends Paid per Common Share	$ 1.725	$ 1.650	$ 0.075	4.5%

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

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Gross Margin (Nine Months Ended Sept. 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2019	2018	Variance[1]	
Electric	$ 555.5	$ 549.9	$ 5.6	1.0%
Natural Gas	138.6	132.8	5.8	4.4%
Total Gross Margin	**$ 694.1**	**$ 682.7**	**$ 11.4**	**1.4%**

Increase in gross margin due to the following factors:

$15.4	Tax Cuts and Jobs Act impact
9.0	Natural gas retail volumes
4.9	Montana electric supply cost recovery
3.0	Electric retail volumes
2.8	Montana electric rates, subject to refund
(20.9)	Electric QF liability adjustment
(4.1)	Electric transmission
(1.6)	Montana natural gas rates
(2.1)	Other
$6.5	**Change in Gross Margin Impacting Net Income**
$4.5	Property taxes recovered in trackers
1.7	Production tax credits flowed-through trackers
(1.3)	Operating expenses recovered in trackers
$4.9	**Change in Gross Margin Offset Within Net Income**
$11.4	**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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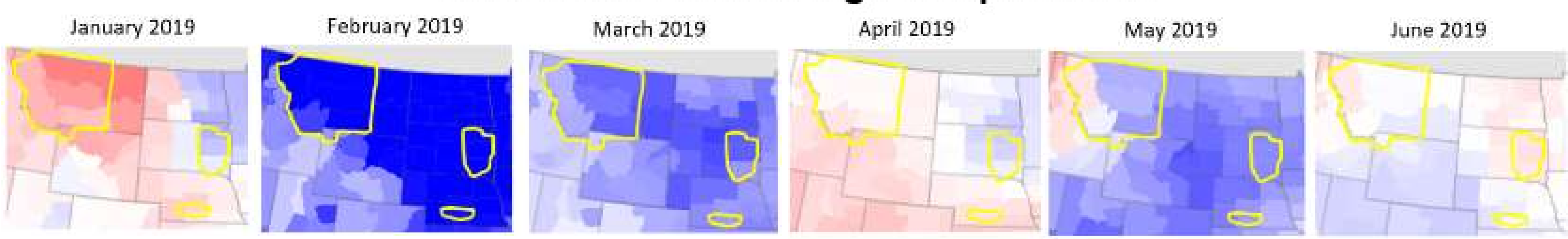
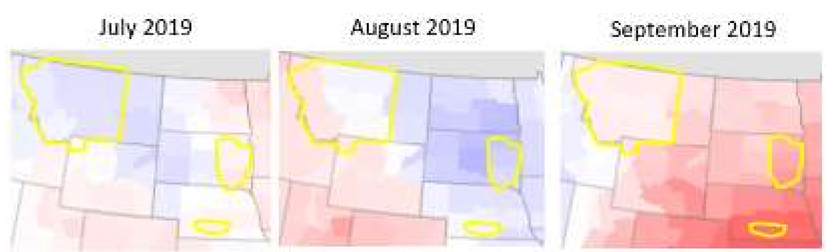
Weather (Nine Months Ended Sept. 30)

Cooling Degree-Days	YTD thru 9/30 Degree Days			YTD 2019 as compared with:	
	2019	2018	Historic Average	2018	Historic Average
Montana	370	337	402	10% warmer	8% colder
South Dakota	660	873	700	24% colder	6% colder

Heating Degree - Days	YTD thru 9/30 Degree Days			YTD 2019 as compared with:	
	2019	2018	Historic Average	2018	Historic Average
Montana	5,604	5,094	4,838	10% colder	16% colder
South Dakota	6,350	6,099	5,577	4% colder	14% colder
Nebraska	4,866	4,938	4,585	1% warmer	6% colder

Difference from Average Temperatures





We estimate favorable weather through the first 9 months of 2019 (all due to a cold Qtr 1) has contributed approximately $8.0M pretax benefit as compared to normal and $5.7M pretax benefit as compared to the same period in 2018.

Operating Expenses (Nine Months Ended Sept. 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2019	2018	Variance	
Operating, general & admin.	$ 238.9	$ 222.0	$ 16.9	7.6%
Property and other taxes	133.2	128.3	4.9	3.8%
Depreciation and depletion	129.8	130.9	(1.1)	(0.8%)
Operating Expenses	**$ 501.9**	**$ 481.2**	**$ 20.7**	**4.3%**

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

$ 5.3	Employee benefits
3.9	Hazard trees
2.4	General maintenance
1.6	Labor
1.4	Legal costs
6.8	Other
$ 21.4	**Change in OG&A Items Impacting Net Income**
($6.2)	Pension and other postretirement benefits
(1.3)	Operating expense recovered in trackers
3.0	Non-employee directors deferred compensation
($4.5)	**Change in OG&A Items Offset Within Net Income**
$ 16.9	**Increase in Operating, General & Administrative Expenses**

$4.9 million increase in property and other taxes due primarily to plant additions and higher annual estimated property valuations in Montana.

$1.1 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 (Nine Months Ended Sept. 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2019	2018	Variance	
Operating Income	**$ 192.2**	**$ 201.5**	**$ (9.3)**	**(4.6%)**
Interest Expense	(71.0)	(68.2)	(2.8)	(4.1%)
Other Income	0.9	1.8	(0.9)	(50.0%)
Income Before Taxes	**122.0**	**135.1**	**(13.1)**	**(9.7%)**
Income Tax Benefit / (Expense)	20.1	(4.6)	24.7	537.0%
Net Income	**$ 142.1**	**$ 130.5**	**$ 11.6**	**8.9%**

$2.8 million increase in interest expenses was primarily due to higher borrowings.

$0.9 million decrease in other income was due to a $6.2 million increase in other pension expense that was offset by a $3.0 million increase in the value of deferred shares held in a trust for non-employee directors deferred compensation, both of which are offset in operating, general and administrative expense with no impact to net income. This decrease was also partly offset by higher capitalization of AFUDC.

$24.7 million increase 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. Our effective tax rate for the nine months ended September 30, 2019 was negative 16.5% as compared with 3.4% 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 (Nine Months Ended Sept. 30)

(in millions)	Nine Months Ended September 30,				
	2019		2018		Variance
Income Before Income Taxes	**$122.1**		**$135.1**		**($13.0)**
Income tax calculated at federal statutory rate	25.6	21.0%	28.4	21.0%	(2.8)
Permanent or flow through adjustments:					
State income, net of federal provisions	1.2	1.0%	2.2	1.6%	(1.0)
Release of unrecognized tax benefit	(22.8)	(18.7%)	-	-	(22.8)
Flow - through repairs deductions	(12.7)	(10.4%)	(13.1)	(9.7%)	0.4
Production tax credits	(7.3)	(5.9%)	(8.1)	(6.0%)	0.8
Plant and depreciation of flow through items	(2.5)	(2.0%)	(1.6)	(1.2%)	(0.9)
Amortization of excess deferred income tax	(1.9)	(1.6%)	(2.0)	(1.5%)	0.1
Prior year permanent return accrual adjustments	0.6	0.4%	(3.0)	(2.2%)	3.6
Share-based compensation	0.2	0.2%	0.3	0.2%	(0.1)
Other, net	(0.5)	(0.5%)	1.6	1.2%	(2.1)
Sub-total	(45.7)	(37.5%)	(23.7)	(17.6%)	(22.0)
Income Tax (Benefit) / Expense	**$ (20.1)**	**(16.5%)**	**$ 4.7**	**3.4%**	**$ (24.8)**

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Adjusted Non-GAAP Earnings (Nine Months Ended Sept. 30)

(in millions)	GAAP Nine Months Ended Sept. 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 Nine Months Ended Sept. 30, 2019	Non-GAAP Variance: Variance $	Non-GAAP Variance: Variance %	Non GAAP Nine Months Ended Sept. 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 Nine Months Ended Sept. 30, 2018
Revenues	$929.8	(8.0)	-	-	-	$921.8	$40.9	4.6%	$880.9	-	-	-	(2.3)	$883.2
Cost of sales	235.7	-	-	-	-	235.7	17.7	8.1%	218.0	-	-	17.5	-	200.5
Gross Margin	**694.1**	**(8.0)**	-	-	-	**686.1**	**23.2**	**3.5%**	**662.9**	-	-	**(17.5)**	**(2.3)**	**682.7**
Op. Expenses	-	-	-	-	-	-			-	-	-	-	-	-
OG&A	238.9	-	6.0	(3.1)	-	241.8	20.1	9.1%	221.7	(0.1)	(0.2)	-	-	222.0
Prop. & other taxes	133.2	-	-	-	-	133.2	4.9	3.8%	128.3	-	-	-	-	128.3
Depreciation	129.8	-	-	-	-	129.8	(1.1)	-0.8%	130.9	-	-	-	-	130.9
Total Op. Exp.	**501.9**	-	**6.0**	**(3.1)**	-	**504.8**	**24.0**	**5.0%**	**480.8**	**(0.1)**	**(0.2)**	-	-	**481.2**
Op. Income	**192.2**	**(8.0)**	**(6.0)**	**3.1**	-	**181.3**	**(0.7)**	**-0.4%**	**182.0**	**0.1**	**0.2**	**(17.5)**	**(2.3)**	**201.5**
Interest expense	(71.0)	-	-	-	-	(71.0)	(2.8)	-4.1%	(68.2)	-	-	-	-	(68.2)
Other (Exp.) Inc., net	0.9	-	6.0	(3.1)	-	3.8	2.3	153.3%	1.5	(0.1)	(0.2)	-	-	1.8
Pretax Income	**122.0**	**(8.0)**	-	-	-	**114.0**	**(1.3)**	**-1.1%**	**115.3**	-	-	**(17.5)**	**(2.3)**	**135.1**
Income tax	20.1	2.0	-	-	(22.8)	(0.7)	(1.1)	-268.7%	0.4	-	-	4.4	0.6	(4.6)
Net Income	**$142.1**	**(6.0)**	-	-	**(22.8)**	**$113.3**	**($2.4)**	**-2.1%**	**$115.7**	-	-	**(13.1)**	**(1.7)**	**$130.5**
ETR	-16.5%	25.3%	-	-	-	0.6%			-0.4%	-	-	25.3%	25.3%	3.4%
Diluted Shares	50.8					50.8	0.8	1.6%	50.0					50.0
Diluted EPS	**$2.80**	(0.11)	-	-	(0.45)	$2.24	($0.08)	-3.4%	$2.32	-	-	(0.26)	(0.03)	**$2.61**

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 an adjustment to remove the QF liability benefit, our 2018 Adjusted Non-GAAP Diluted EPS would have been $2.58 for the six months ended September 30, 2018. 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).*

2019 Non-GAAP Diluted EPS Guidance

Nine Months Ended September 30, 2019	Pre-tax Income	Net[1] Income	Diluted EPS	Estimated to Meet Guidance: EPS Q4 2019 Low	-	High	EPS Full Year 2019 Low	-	High
2019 Reported GAAP	$ 122.0	$ 142.1	$ 2.80						
Non-GAAP Adjustments:									
Remove impact of favorable weather	(8.0)	(6.0)	(0.11)						
Remove impact of unrecognized income tax benefit	—	(22.8)	(0.45)						
2019 Adjusted Non-GAAP	$ 114.0	$ 113.3	$ 2.24	$1.14	-	$1.24	$3.38	-	$3.48

Nine Months Ended September 30, 2018	Pre-tax Income	Net[1] Income	Diluted EPS	Actual: Q4 2018 Pre-tax Income	Net[1] Income	Diluted EPS	Full Year 2018 Pre-tax Income	Net[1] Income	Diluted EPS
2018 Reported GAAP	$ 135.1	$ 130.5	$ 2.61	$ 43.2	$ 66.5	$ 1.31	$178.3	$197.0	$ 3.92
Non-GAAP Adjustments:									
Remove impact of unfavorable (favorable) weather	(2.3)	(1.7)	(0.03)	1.0	0.7	0.01	(1.3)	(1.0)	(0.02)
Gain on QF Liability [2]	(17.5)	(13.1)	(0.26)	—	—	—	(17.5)	(13.1)	(0.26)
Impact of Tax Cuts and Jobs Act Settlements	—	—	—	9.4	(12.8)	(0.25)	9.4	(12.8)	(0.25)
2018 Adjusted Non-GAAP	$ 115.3	$ 115.7	$ 2.32	$ 53.6	$ 54.4	$ 1.07	$168.9	$170.1	$ 3.39

(1) Income Tax Benefit (Expense) calculation on reconciling items assumes blended federal plus state effective tax rate of 25.3%.

(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 $3.65 for the twelve months ended December 31, 2018. 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).

We will need fourth quarter diluted EPS of $1.14 to $1.24 to meet our guidance range of $3.38 to 3.48 for 2019. This compares to $1.07 during the same quarter last year. We anticipate achieving this with a fourth quarter commensurate with the first (i.e. first quarter Non-GAAP EPS was $0.12 better than last year) and fourth quarter operating expense at, or below, last years level due primarily to timing differences.

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.

Quarterly PCCAM Impacts

Pretax Millions

	Q1	Q2	Q3	YTD	Q4
'17/'18 Tracker	Full year recorded in Q3		$ 3.3	$ 3.3	
'18/'19 Tracker			$ (5.1)	$ (5.1)	$ 0.3
2018 (Expense) Benefit	**$ -**	**$ -**	**$ (1.8)**	**$ (1.8)**	**$ 0.3**
'18/'19 Tracker	$ (1.6)	$ 4.6		$ 3.0	
'19/'20 Tracker			$ 0.1	$ 0.1	?
2019 (Expense) Benefit	**$ (1.6)**	**$ 4.6**	**$ 0.1**	**$ 3.1**	**$ -**
Year-over-Year Variance	***$ (1.6)***	***$ 4.6***	***$ 1.9***	***$ 4.9***	***?***

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.

Balance Sheet

(dollars in millions)	As of September 30, 2019	As of December 31, 2018
Cash and cash equivalents	$ 5.0	$ 7.9
Restricted cash	9.1	7.5
Accounts receivable, net	126.4	162.4
Inventories	55.2	50.8
Other current assets	70.2	49.2
Goodwill and other intangibles, net	358.0	357.6
PP&E and other non-current assets	5,186.4	5,009.1
Total Assets	**$ 5,810.2**	**$ 5,644.4**
Payables	66.6	87.0
Finance leases	2.4	2.3
Other current liabilities	264.7	257.7
Long-term debt & capital leases	2,194.1	2,122.3
Other non-current liabilities	1,277.8	1,232.7
Shareholders' equity	2,004.5	1,942.4
Total Liabilities and Equity	**$ 5,810.2**	**$ 5,644.4**
Capitalization:		
Finance Leases	2.4	2.3
Long Term Debt & Finance Leases	2,194.1	2,122.3
Less: Basin Creek Finance Lease	(20.5)	(22.2)
Less: New Market Tax Credit Financing Debt	(27.0)	(27.0)
Shareholders' Equity	2,004.5	1,942.4
Total Capitalization	**$ 4,153.6**	**$ 4,017.7**
Ratio of Debt to Total Capitalization	**51.7%**	**51.7%**

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Cash Flow

(dollars in millions)	Nine Months Ending September 30, 2019	2018
Operating Activities		
Net Income	$ 142.1	$ 130.5
Non-Cash adjustments to net income	117.4	142.8
Changes in working capital	2.4	92.1
Other non-current assets & liabilities	(8.0)	(19.0)
Cash provided by Operating Activities	**253.9**	**346.4**
Investing Activities		
PP&E additions	(242.9)	(193.4)
Acquisitions / Investments	-	(18.5)
Proceeds from sale of assets	-	0.1
Cash used in Investing Activities	**(242.9)**	**(211.8)**
Financing Activities		
Proceeds from issuance of common stock, net	-	44.8
Issuance (Repayments) of debt, net	74.0	(97.6)
Dividends on common stock	(86.3)	(81.7)
Financing costs	(1.1)	(0.1)
Other	1.2	2.1
Cash used in Financing Activities	(12.2)	(132.5)
(Decrease) Increase in Cash, Cash Equiv. & Restricted Cash	**(1.2)**	**2.1**
Beginning Cash, Cash Equiv. & Restricted Cash	15.3	12.0
Ending Cash, Cash Equiv. & Restricted Cash	**$ 14.1**	**$ 14.1**

Cash from operating activities decreased by ~$92M primarily due to the under collection of supply costs from customers in 2019 as compared with an over collection in 2018 resulting in ~$44.9M 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 ~$19.4M and the receipt of insurance proceeds of ~%6.1M during the first quarter of 2018.

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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

NorthWestern Energy
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Experienced & Engaged Board of Directors

Stephan P. Adik

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

Tony Clark

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

Dana J. Dykhouse

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

Jan R. Horsfall

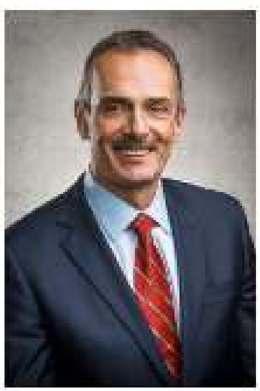
- Committees: Audit, Governance and Innovation
- Independent
- Director since April 2015

Britt E. Ide

- Committees: Audit, Governance and Innovation
- Independent
- Director since April 2017

Julia L. Johnson

- Committees: Governance and Innovation, 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), Human Resources
- Independent
- Director since April 2017

Mahvash Yazdi

- Committees: Not available at this time
- Independent
- Director starting Dec. 2019

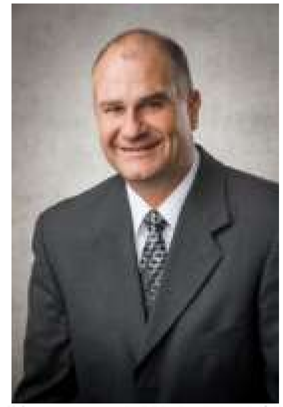
Jeff Yingling

- Committees: Audit, Governance and Innovation
- Independent
- Director since Oct. 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 Controller
- Current position since 2015

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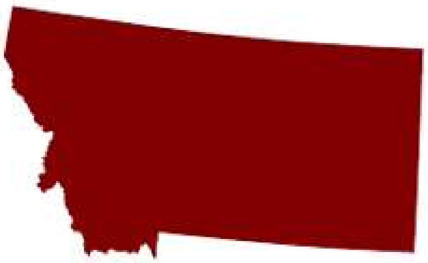
Our Commissioners

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

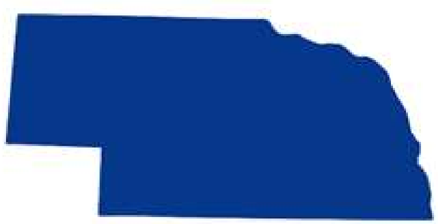
Commissioners are elected in statewide elections from each of five districts. Chairperson is elected by fellow Commissioners. Commissioner term is four years, Chairperson term is two years.

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 Nine Months Ending September 30, 2019

(in millions)	Electric	Gas	Other	Total
Operating Revenues	$ 738.6	$ 195.8	$ (4.7)	$ 929.8
Cost of Sales	183.1	57.3	(4.7)	235.7
Gross Margin	**$ 555.5**	**$ 138.6**	**$ -**	**$ 694.1**

Use of Non-GAAP Financial Measures - Gross Margin - Nine Months Ending September 30, 2019

(in millions)	Montana	South Dakota	Nebraska	Eliminations	Total
Operating Revenues	$ 739.9	$ 169.3	$ 25.3	$ (4.7)	$ 929.8
Cost of Sales	157.5	66.3	16.6	(4.7)	235.7
Gross Margin	**$ 582.4**	**$ 103.0**	**$ 8.7**	**$ -**	**$ 694.1**

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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Delivering a **bright future**

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