2019 Second Quarter Earnings Webcast

July 24, 2019

NorthWestern Energy
Delivering a Bright Future

Presenting Today

Bob Rowe,
President & CEO

Brian Bird,
Chief Financial Officer

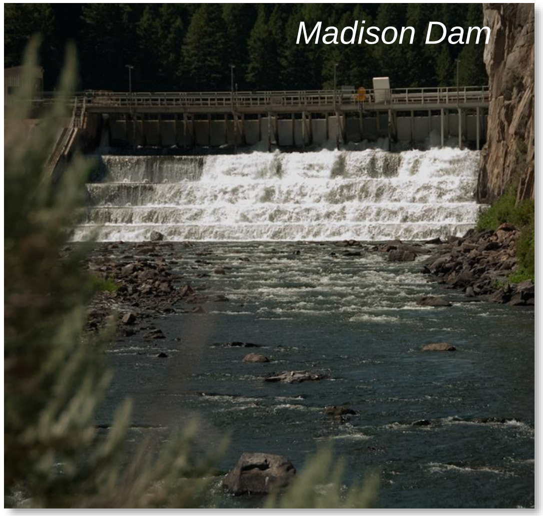
Forward Looking Statements

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 of this document 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 10-K and 10-Q along with other public filings with the SEC.

NorthWestern Energy
Delivering a Bright Future

Second Quarter Highlights



- **Net income for the quarter increased $3.9 million, or 8.9%, as compared to the same period in 2018.** This increase was primarily due to an income tax benefit in 2019 and a reduction in revenue in 2018 due to impacts of the Tax Cuts and Jobs Act for customer refunds. These improvements were largely offset by lower gross margin, due to the adjustment of a Qualifying Facility liability and mild spring weather, and higher operating expenses.
- Diluted earnings per share increased $0.07, or 8.0%, as compared to the same period in 2018.
- 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 Montana Public Service Commission (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.
- The Board of Directors declared a quarterly dividend of $0.575 per share payable September 30th to shareholders of record as of September 13th, 2019.

NorthWestern Energy
Delivering a Bright Future

Summary Financial Results
(Second Quarter)

(in millions except per share amounts)	Three Months Ended June 30, 2019	2018	Variance	% Variance
Operating Revenues	$ 270.8	$ 261.8	$ 9.0	3.4%
Cost of Sales	55.8	32.2	23.6	73.3%
Gross Margin [(1)]	**215.0**	**229.6**	**(14.6)**	**(6.4%)**
Operating Expenses				
Operating, general & administrative	80.8	73.8	7.0	9.5%
Property and other taxes	44.3	43.0	1.3	3.0%
Depreciation and depletion	41.0	43.5	(2.5)	(5.7%)
Total Operating Expenses	**166.1**	**160.3**	**5.8**	**3.6%**
Operating Income	**48.8**	**69.2**	**(20.4)**	**(29.5%)**
Interest Expense	(23.5)	(23.2)	(0.3)	(1.3%)
Other Income	0.1	0.9	(0.8)	(88.9%)
Income Before Taxes	**25.5**	**46.9**	**(21.4)**	**(45.6%)**
Income Tax Benefit (Expense)	22.2	(3.1)	25.3	816.1%
Net Income	**$ 47.7**	**$ 43.8**	**$ 3.9**	**8.9%**
Effective Tax Rate	(87.4%)	6.6%	(94%)	
Diluted: Shares Outstanding	50.8	50.0	0.8	1.5%
Diluted Earnings Per Share	$ 0.94	$ 0.87	$ 0.07	8.0%
Dividends Paid per Common Share	$ 0.575	$ 0.550	$ 0.025	4.5%

NorthWestern Energy
Delivering a Bright Future

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

Gross Margin
(Second Quarter)

(dollars in millions)

	Three Months Ended June 30,			
	2019	2018	Variance	
Electric	$ 177.0	$ 190.1	($ 13.1)	(6.9%)
Natural Gas	38.0	39.5	(1.5)	(3.8%)
Total Gross Margin [(1)]	**$ 215.0**	**$ 229.6**	**($ 14.6)**	**(6.4%)**

Decrease in gross margin due to the following factors:

($20.9)	Electric Qualifying Facilities (QF) liability adjustment
(1.6)	Electric transmission
(0.5)	Electric residential and commercial retail volumes
(0.5)	Montana natural gas rates
6.2	Tax Cuts and Jobs Act impact
4.6	Montana electric supply cost recovery
1.2	Montana electric rates, consistent with proposed settlement and subject to refund
0.8	Natural gas retail volumes
(3.3)	Other
($14.0)	**Change in Gross Margin Impacting Net Income**
($1.7)	Operating expenses recovered in trackers
(0.1)	Production tax credits flowed-through trackers
1.2	Property taxes recovered in trackers
($0.6)	**Change in Gross Margin Offset Within Net Income**
($14.6)	**Decrease in Gross Margin**

NorthWestern Energy
Delivering a Bright Future

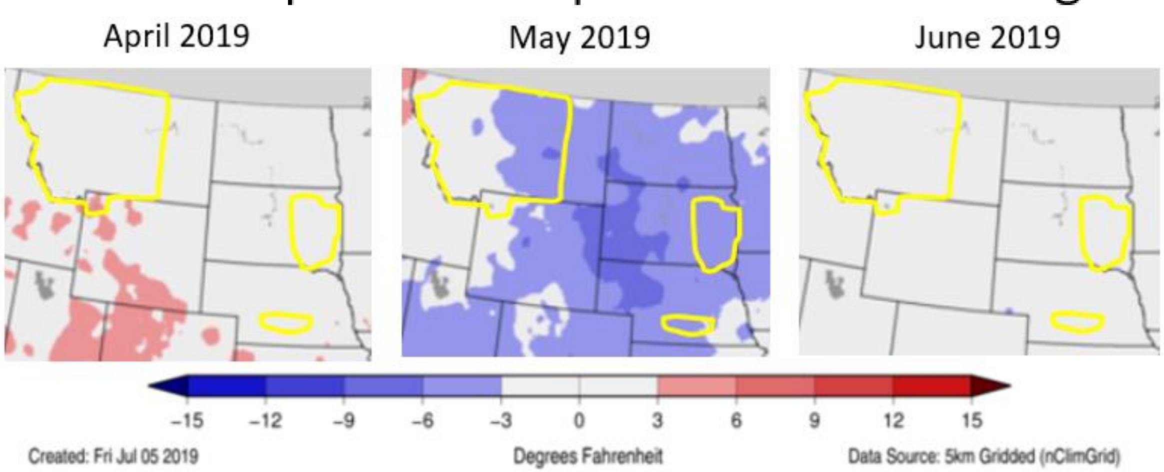
(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure See appendix for additional disclosure.

Weather
(Second Quarter)

Heating Degree - Days	Qtr 2 Degree Days			Q2 2019 as compared with:	
	2019	2018	Historic Average	2018	Historic Average
Montana	1,199	1,128	1,233	6% colder	3% warmer
South Dakota	1,681	1,712	1,433	2% warmer	17% colder
Nebraska	1,215	1,328	1,172	9% warmer	4% colder

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

Mean Temperature Departures from Average



We estimate unfavorable weather in Q2 2019 resulted in a $0.3M pretax detriment as compared to normal and $1.1M pretax benefit as compared to Q2 2018.

NorthWestern Energy
Delivering a Bright Future

Operating Expenses
(Second Quarter)

(dollars in millions)

	Three Months Ended June 30,			
	2019	2018	Variance	
Operating, general & admin.	$ 80.8	$ 73.8	$ 7.0	9.5%
Property and other taxes	44.3	43.0	1.3	3.0%
Depreciation and depletion	41.0	43.5	(2.5)	(5.7%)
Operating Expenses	**$ 166.1**	**$ 160.3**	**$ 5.8**	**3.6%**

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

$3.0	Generation maintenance expense
1.9	Hazard trees
1.6	Employee benefits
0.7	Labor
0.7	Legal costs
3.3	Other
$11.2	**Change in OG&A Items Impacting Net Income**
($1.8)	Pension and other postretirement benefits
(1.7)	Operating expenses recovered in trackers
(0.7)	Non-employee directors deferred compensation
($4.2)	**Change in OG&A Items Offset Within Net Income**
$7.0	**Increase in Operating, General & Administrative Expenses**

$1.3 million increase in property and other taxes due primarily to plant additions and higher annual estimated property valuations in Montana.

$2.5 million decrease in depreciation expense primarily due to the depreciation adjustment consistent with the proposed settlement in our Montana electric rate case.

Operating to Net Income
(Second Quarter)

(dollars in millions)

	Three Months Ended June 30,			
	2019	**2018**	**Variance**	
Operating Income	**$ 48.8**	**$ 69.2**	**$ (20.4)**	**(29.5%)**
Interest Expense	(23.5)	(23.2)	(0.3)	(1.3%)
Other Income	0.1	0.9	(0.8)	(88.9%)
Income Before Taxes	**25.5**	**46.9**	**(21.4)**	**(45.6%)**
Income Tax Benefit / (Expense)	22.2	(3.1)	25.3	816.1%
Net Income	**$ 47.7**	**$ 43.8**	**$ 3.9**	**8.9%**

$0.3 million increase in interest expenses was primarily due to higher borrowings.

$0.9 million decrease in other income was due to a decrease in the value of deferred shares held in trust for non-employee directors deferred compensation and a decrease in pension expense, both of which are offset in operating, general and administrative expense with no impact to net income. These decreases were partly offset by higher capitalization of Allowance for Funds Used During Construction (AFUDC).

$25.3 million decrease in income tax expense due primarily to the release of approximately $23.2 million of unrecognized tax benefits, including $2.7 million of accrued interest and penalties, due to the lapse of statutes of limitations in the second quarter of 2019 as well as lower pre-tax income.

NorthWestern Energy
Delivering a Bright Future

Income Tax Reconciliation
(Second Quarter)

(in millions)	Three Months Ended June 30,				
	2019		2018		Variance
Income Before Income Taxes	**$25.5**		**$46.9**		**($21.4)**
Income tax calculated at federal statutory rate	5.3	21.0%	9.8	21.0%	(4.5)
Permanent or flow through adjustments:					
State income, net of federal provisions	0.2	0.9%	0.8	1.7%	(0.6)
Release of unrecognized tax benefit	(23.2)	(91.2%)	-	-	(23.2)
Flow - through repairs deductions	(2.1)	(8.5%)	(4.1)	(8.7%)	2.0
Production tax credits	(1.4)	(5.5%)	(2.5)	(5.5%)	1.1
Plant and depreciation of flow through items	(0.6)	(2.6%)	(0.6)	(1.2%)	-
Amortization of excess deferred income tax	(0.2)	(0.7%)	-	-	(0.2)
Other, net	(0.2)	(0.8%)	(0.3)	0.0%	0.1
Sub-total	(27.5)	(108.4%)	(6.7)	(14.4%)	(20.8)
Income Tax Expense	**$ (22.2)**	**(87.4%)**	**$ 3.1**	**6.6%**	**$ (25.3)**

NorthWestern Energy
Delivering a Bright Future

Balance Sheet

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

NorthWestern Energy
Delivering a Bright Future

Cash Flow

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

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

NorthWestern Energy
Delivering a Bright Future

Adjusted Non-GAAP Earnings
(Second Quarter)

(in millions)	GAAP Three Months Ended June 30, 2019	Unfavorable 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 Three Months Ended June 30, 2019	Non-GAAP Variance Variance $	Non-GAAP Variance Variance %	Non GAAP Three Months Ended June 30, 2018	Non-employee Deferred Compensation	(1) Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	(2) Gain on Qualifying Facilities (Periodic Liability Reset)	Unfavorable Weather	GAAP Three Months Ended June 30, 2018
Revenues	$270.8	0.3				$271.1	$7.9	3.0%	$263.2				1.4	$261.8
Cost of sales	55.8					55.8	6.1	12.3%	49.7			17.5		32.2
Gross Margin (1)	**215.0**	**0.3**	**-**	**-**	**-**	**215.3**	**1.8**	**0.8%**	**213.5**	**-**	**-**	**(17.5)**	**1.4**	**229.6**
Op. Expenses														
OG&A	80.8		1.7	(0.3)		82.2	9.6	13.2%	72.6	(1.1)	(0.1)			73.8
Prop. & other taxes	44.3					44.3	1.3	3.0%	43.0					43.0
Depreciation	41.0					41.0	(2.5)	-5.7%	43.5					43.5
Total Op. Exp.	**166.1**	**-**	**1.7**	**(0.3)**	**-**	**167.5**	**8.4**	**5.3%**	**159.1**	**(1.1)**	**(0.1)**	**-**	**-**	**160.3**
Op. Income	**48.8**	**0.3**	**(1.7)**	**0.3**	**-**	**47.7**	**(6.6)**	**-12.2%**	**54.3**	**1.1**	**0.1**	**(17.5)**	**1.4**	**69.2**
Interest expense	(23.5)					(23.5)	(0.3)	-1.3%	(23.2)					(23.2)
Other Inc. (Exp.), net	0.1		1.7	(0.3)		1.5	1.8	600.0%	(0.3)	(1.1)	(0.1)			0.9
Pretax Income	**25.5**	**0.3**	**-**	**-**	**-**	**25.8**	**(5.0)**	**-16.2%**	**30.8**	**-**	**-**	**(17.5)**	**1.4**	**46.9**
Income tax benefit (exp.)	22.2	(0.1)	-	-	(22.8)	(0.7)	(1.7)	-174.7%	1.0	-	-	4.4	(0.4)	(3.1)
Net Income	**$47.7**	**0.2**	**-**	**-**	**(22.8)**	**$25.1**	**($6.7)**	**-21.1%**	**$31.8**	**-**	**-**	**(13.1)**	**1.0**	**$43.8**
ETR	-87.4%	25.3%	-	-	-	2.6%			-3.2%	-	-	25.3%	25.3%	6.6%
Diluted Shares	50.8					50.8	0.8	1.6%	50.0					50.0
Diluted EPS	**$0.94**	0.01	-	-	(0.45)	$0.50	($0.13)	-20.6%	$0.63	-	-	(0.26)	0.02	**$0.87**

The adjusted non-GAAP measures presented in the table are being shown to reflect significant items that are non-recurring or variance from normal weather, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

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

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

Looking Forward

Regulatory

- Reached settlement with major intervenors in our Montana electric rate case with increase to revenues of $6.5 million, based upon a 9.65% return on equity, and decrease of depreciation expense of $9.0 million. We expect a final order from the MPSC during the fourth quarter of 2019.
- In May 2019, we submitted a filing with FERC for our MT 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 and we expect the first settlement conference to take place in early August.

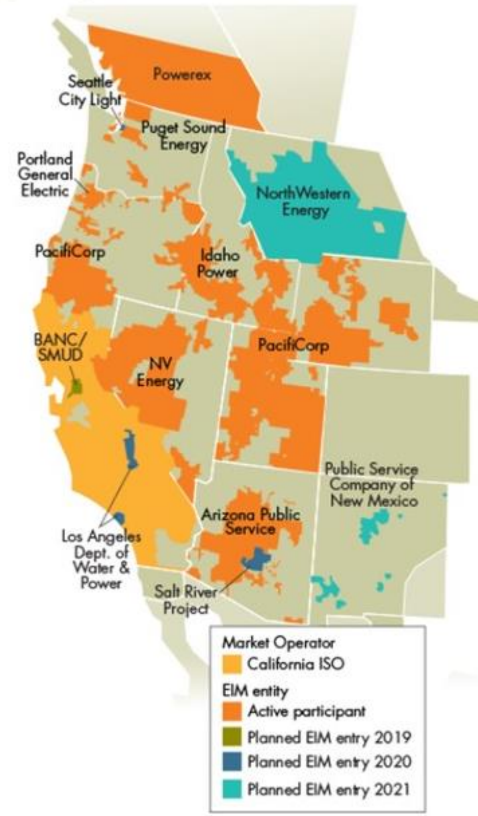
Legislative

- 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 T&D 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

Western EIM active and pending participants



Plans to join Western Energy Imbalance Market (EIM)

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

Cost Control Efforts

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

NorthWestern Energy
Delivering a Bright Future

NWE Energy Supply Resource Plans

South Dakota Electricity Supply Resource Plan

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

Montana Electricity Supply Resource Plan

- Draft plan was filed in early March 2019 and expected to be finalized by third quarter 2019.
- The plan supports the goal of developing resources that will address the changing energy landscape in Montana to meet our customers' electric energy needs in a reliable and affordable manner.
  - We are currently 630 MW short of our peak needs, which we procure in the market. We forecast that our energy portfolio will be 725 MW short by 2025 with a modest increase in customer demand.
- We expect to solicit competitive all-source proposals in late 2019 for peaking capacity available by end of 2022. We expect the process will be repeated in subsequent years to provide a resource-adequate energy and capacity portfolio by 2025.

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

NorthWestern Energy
Delivering a Bright Future

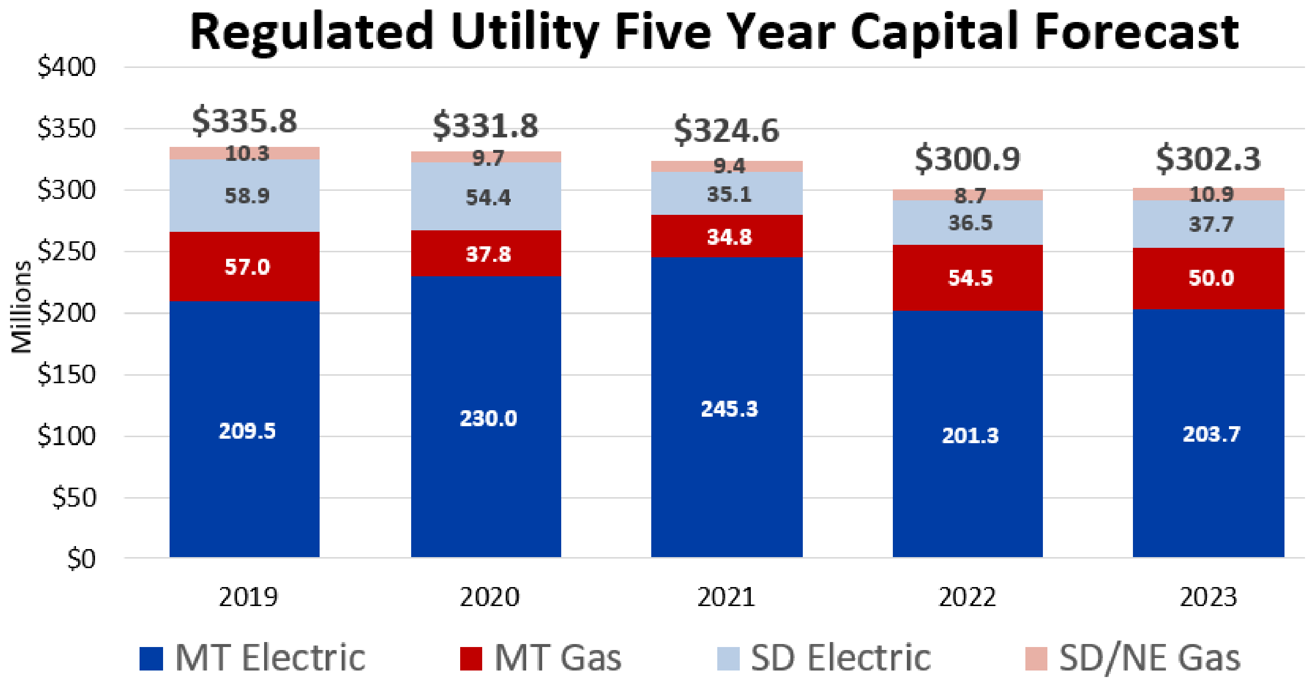
Capital Investment Forecast

$1.6 billion of total capital investment over five years

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

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

Continued investment in our system to serve our customers and communities is expected to provide a targeted long term 6-9% total return to our investors through a combination of earnings growth and dividend yield. However, negative outcomes in upcoming regulatory proceedings may result in near-term returns below our 6-9% targeted range.



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

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

*The draft plan was released early March with final plan to be filed in the third quarter 2019.

Conclusion


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

Appendix

Montana Electric Rate Case

September 2018 Filing (Docket D2018.2.12)

- Filed based on 2017 test year and $2.34 billion of rate base.
- Requested $34.9 million annual increase to electric rates.
- On April 5, 2019, we filed rebuttal testimony that updated and lowered our requested increase to $30.7 million. This update responded to intervenor testimony and included certain known and measurable adjustments.
- Request includes a 10.65% return on equity, 4.26% cost of debt, 49.4% equity & 7.42% return on rate base[1]
- In March 2019, the MPSC issued an order approving an increase in rates of approximately $10.5 million on an interim and refundable basis effective April 1, 2019.

The filing also requests approval to:
- Capitalize Demand Side Management Costs;
- Establish a new baseline for PCCAM costs;
- Place Two Dot Wind in rate base; and
- Create new net metering customer class and rate for new residential private generation.

Update

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

Next Steps

- Interveners response briefs are due July 31st.
- NorthWestern's reply brief is due August 28th.
- We expect a final order from the MPSC during the fourth quarter of 2019.
- As of June 30, 2019 we have recognized revenue of approximately $1.2 million, reduced depreciation expense by approximately $4.5 million, and have deferred revenue of approximately $0.8 million based on the proposed settlement.

NorthWestern Energy
Delivering a Bright Future

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

Segment Results
(Second Quarter)

(Unaudited) (in thousands)

Three Months Ending June 30, 2019	Electric	Gas	Other	Total
Operating revenues	$ 219,659	$ 51,060	$ -	$ 270,719
Cost of sales	42,661	13,083	-	55,744
Gross margin [(1)]	176,998	37,977	-	214,975
Operating, general and administrative	59,328	20,965	533	80,826
Property and other taxes	34,834	9,474	2	44,310
Depreciation & depletion	33,720	7,296	-	41,016
Operating Income (loss)	49,116	242	(535)	48,823
Interest expense	(19,285)	(1,501)	(2,725)	(23,511)
Other (expense) income	(220)	(53)	397	124
Income tax (expense) benefit	(1,713)	(354)	24,293	22,226
Net income (loss)	$ 27,898	$ (1,666)	$ 21,430	$ 47,662

Three Months Ending June 30, 2018	Electric	Gas	Other	Total
Operating revenues	$ 209,755	$ 52,062	$ -	$ 261,817
Cost of sales	19,613	12,577	-	32,190
Gross margin [(1)]	190,142	39,485	-	229,627
Operating, general and administrative	52,894	19,650	1,290	73,834
Property and other taxes	33,880	9,160	2	43,042
Depreciation & depletion	36,139	7,394	8	43,541
Operating Income (loss)	67,229	3,281	(1,300)	69,210
Interest expense	(20,318)	(1,161)	(1,718)	(23,197)
Other income (expense)	(52)	(191)	1,119	876
Income tax (expense) benefit	(2,649)	492	(945)	(3,102)
Net income (loss)	$ 44,210	$ 2,421	$ (2,844)	$ 43,787

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

NorthWestern Energy
Delivering a Bright Future

Electric Segment
(Second Quarter)

(dollars in millions)	Results 2019	2018	Change	% Change
Retail revenues	$ 198.9	$ 193.6	$ 5.3	2.7 %
Regulatory amortization	6.2	(1.3)	7.5	(576.9)
Total retail revenue	205.1	192.3	12.8	6.7
Transmission	13.4	16.2	(2.8)	(17.3)
Wholesale and other	1.2	1.2	-	-
Total Revenues	**219.7**	**209.7**	**10.0**	**4.8**
Total Cost of Sales	**42.7**	**19.6**	**23.1**	**117.9**
Gross Margin (1)	**177.0**	**190.1**	**(13.1)**	**(6.9) %**

	Revenues 2019	Revenues 2018	Megawatt Hours (MWH) 2019	Megawatt Hours (MWH) 2018	Avg. Customer Count 2019	Avg. Customer Count 2018
	(in thousands)					
Retail Electric						
Montana	$ 62,828	$ 59,480	521	516	302,642	298,897
South Dakota	13,441	14,385	123	130	50,553	50,493
Residential	**76,269**	**73,865**	**644**	**646**	**353,195**	**349,390**
Montana	82,820	79,648	755	762	68,690	67,339
South Dakota	21,763	22,271	253	250	12,822	12,804
Commercial	**104,583**	**101,919**	**1,008**	**1,012**	**81,512**	**80,143**
Industrial	10,264	10,714	725	600	78	75
Other	7,757	7,140	38	36	6,067	6,026
Total Retail Electric	**$ 198,873**	**$ 193,638**	**2,415**	**2,294**	**440,852**	**435,634**

NorthWestern Energy
Delivering a Bright Future

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

Natural Gas Segment
(Second Quarter)

(dollars in millions)	Results 2019	Results 2018	Results Change	Results % Change
Retail revenues	$ 44.1	$ 43.4	$ 0.7	1.6 %
Regulatory amortization	(1.9)	(1.9)	-	-
Total retail revenue	42.2	41.5	0.7	1.7
Wholesale and other	8.9	10.6	(1.7)	(16.0)
Total Revenues	**51.1**	**52.1**	**(1.0)**	**(1.9)**
Total Cost of Sales	**13.1**	**12.6**	**0.5**	**4.0**
Gross Margin [(1)]	**$ 38.0**	**$ 39.5**	**$ (1.5)**	**$ (3.8) %**

	Revenues 2019	Revenues 2018	Dekatherms (Dkt) 2019	Dekatherms (Dkt) 2018	Avg. Customer Count 2019	Avg. Customer Count 2018
	(in thousands)					
Retail Gas						
Montana	$ 18,748	$ 17,574	2,206	2,093	174,648	172,638
South Dakota	5,657	5,607	686	701	39,961	39,582
Nebraska	4,205	4,991	543	591	37,311	37,269
Residential	**28,610**	**28,172**	**3,435**	**3,385**	**251,920**	**249,489**
Montana	9,480	8,779	1,185	1,109	24,220	23,896
South Dakota	3,583	3,645	660	692	6,786	6,668
Nebraska	2,095	2,413	405	426	4,888	4,813
Commercial	**15,158**	**14,837**	**2,250**	**2,227**	**35,894**	**35,377**
Industrial	111	181	13	24	240	244
Other	209	208	32	31	166	163
Total Retail Gas	**$ 44,088**	**$ 43,398**	**5,730**	**5,667**	**288,220**	**285,273**

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

NorthWestern Energy
Delivering a Bright Future

Appendix

Summary Financial Results
(Six Months Ended June 30)

(in millions except per share amounts)

	Six Months Ended June 30,			
	2019	2018	Variance	% Variance
Operating Revenues	$ 654.9	$ 603.3	$ 51.6	8.6%
Cost of Sales	171.5	128.3	43.2	33.7%
Gross Margin [(1)]	**483.4**	**475.0**	**8.4**	**1.8%**
Operating Expenses				
Operating, general & administrative	161.9	148.2	13.7	9.2%
Property and other taxes	89.1	85.9	3.2	3.7%
Depreciation and depletion	86.6	87.3	(0.7)	(0.8%)
Total Operating Expenses	**337.6**	**321.4**	**16.2**	**5.0%**
Operating Income	**145.8**	**153.7**	**(7.9)**	**(5.1%)**
Interest Expense	(47.3)	(46.2)	(1.1)	(2.4%)
Other Income / (Expense)	1.3	(0.3)	1.6	533.3%
Income Before Taxes	**99.8**	**107.3**	**(7.5)**	**(7.0%)**
Income Tax Benefit / (Expense)	20.7	(5.0)	25.7	514.0%
Net Income	**$ 120.5**	**$ 102.3**	**$ 18.2**	**17.8%**
Effective Tax Rate	(20.7%)	4.7%	(25.4%)	
Diluted: Average Shares Outstanding	50.7	49.8	0.9	1.8%
Diluted Earnings Per Share	$2.38	$2.05	$0.33	16.1%
Dividends Paid per Common Share	$1.15	$ 1.10	$ 0.05	4.5%

NorthWestern Energy
Delivering a Bright Future

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

Gross Margin
(Six Months Ended June 30)

(dollars in millions)

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

Increase in gross margin due to the following factors:

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

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

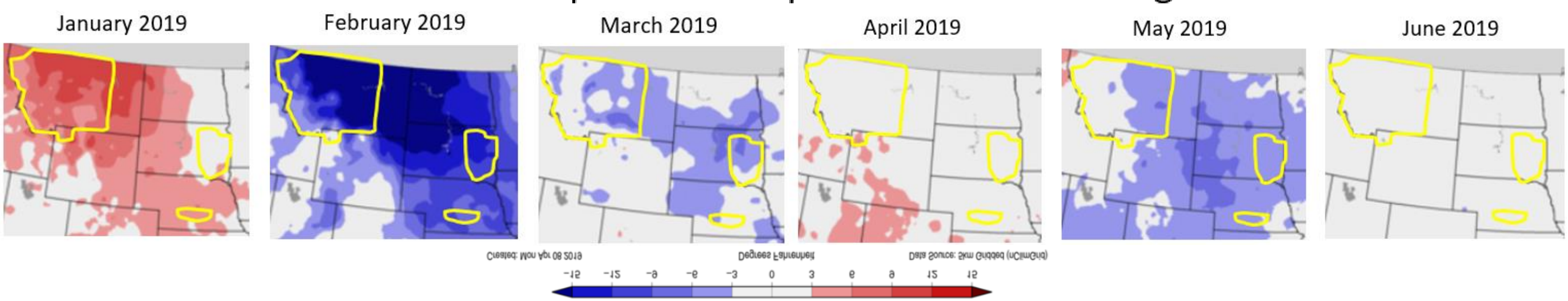
NorthWestern Energy
Delivering a Bright Future

Weather
(Six Months Ended June 30)

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

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

Mean Temperature Departures from Average



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

NorthWestern Energy
Delivering a Bright Future

Operating Expenses
(Six Months Ended June 30)

(dollars in millions)

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

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

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

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

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

NorthWestern Energy
Delivering a Bright Future

Operating to Net Income
(Six Months Ended June 30)

(dollars in millions)

	Six Months Ended June 30,			
	2019	**2018**	**Variance**	
Operating Income	**$ 145.8**	**$ 153.7**	**$ (7.9)**	**(5.1%)**
Interest Expense	(47.3)	(46.2)	(1.1)	(2.4%)
Other Income / (Expense)	1.3	(0.3)	1.6	533.3%
Income Before Taxes	**99.8**	**107.3**	**(7.5)**	**(7.0%)**
Income Tax Benefit / (Expense)	20.7	(5.0)	25.7	514.0%
Net Income	**$ 120.5**	**$ 102.3**	**$ 18.2**	**17.8%**

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

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

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

NorthWestern Energy
Delivering a Bright Future

Income Tax Reconciliation
(Six Months Ended June 30)

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

NorthWestern Energy
Delivering a Bright Future

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

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

The adjusted non-GAAP measures presented in the table are being shown to reflect significant items that were non-recurring or variance from normal weather, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

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

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

Segment Results
(Six Months Ended June 30)

(Unaudited) (in thousands)

Six Months Ending June 30, 2019	Electric	Gas	Other	Total
Operating revenues	$ 492,696	$ 162,243	$ -	$ 654,939
Cost of sales	119,655	51,824	-	171,479
Gross margin (1)	373,041	110,419	-	483,460
Operating, general and administrative	117,111	41,973	2,834	161,918
Property and other taxes	69,881	19,214	4	89,099
Depreciation & depletion	71,771	14,829	-	86,600
Operating income (loss)	114,278	34,403	(2,838)	145,843
Interest expense	(38,820)	(3,011)	(5,470)	(47,301)
Other income	(781)	(530)	2,584	1,273
Income tax (expense) benefit	(3,522)	725	23,450	20,653
Net income	$ 71,155	$ 31,587	$ 17,726	$ 120,468

Six Months Ending June 30, 2018	Electric	Gas	Other	Total
Operating revenues	$ 448,097	$ 155,222	$ -	$ 603,319
Cost of sales	76,886	51,381	-	128,267
Gross margin (1)	371,211	103,841	-	475,052
Operating, general and administrative	107,542	40,869	(232)	148,179
Property and other taxes	67,373	18,478	4	85,855
Depreciation & depletion	72,292	14,988	16	87,296
Operating income	124,004	29,506	212	153,722
Interest expense	(39,838)	(3,015)	(3,314)	(46,167)
Other income (expense)	438	(83)	(608)	(253)
Income tax (expense) benefit	(3,147)	(1,734)	(135)	(5,016)
Net income (loss)	$ 81,457	$ 24,674	$ (3,845)	$ 102,286

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

NorthWestern Energy
Delivering a Bright Future

Electric Segment
(Six Months Ended June 30)

(dollars in millions)	Results 2019	2018	Change	% Change
Retail revenues	$ 437.6	$ 423.0	$ 14.6	3.5 %
Regulatory amortization	25.3	(9.4)	34.7	(369.1)
Total retail revenue	462.9	413.6	49.3	11.9
Transmission	27.0	31.5	(4.5)	(14.3)
Wholesale and other	2.8	3.0	(0.2)	(6.7)
Total Revenues	**492.7**	**448.1**	**44.6**	**10.0**
Total Cost of Sales	**119.7**	**76.9**	**42.8**	**55.7**
Gross Margin (1)	**373.0**	**371.2**	**1.8**	**0.5 %**

	Revenues		Megawatt Hours (MWH)		Avg. Customer Count	
	2019	2018	2019	2018	2019	2018
	(in thousands)					
Retail Electric						
Montana	$ 156,924	$ 146,731	1,329	1,277	302,399	298,631
South Dakota	31,456	33,068	318	317	50,611	50,500
Residential	**188,380**	**179,799**	**1,647**	**1,594**	**353,010**	**349,131**
Montana	169,530	163,287	1,573	1,566	68,477	67,261
South Dakota	44,923	46,282	537	520	12,796	12,727
Commercial	**214,453**	**209,569**	**2,110**	**2,086**	**81,273**	**79,988**
Industrial	21,845	21,476	1,426	1,207	78	75
Other	12,904	12,137	60	58	5,433	5,381
Total Retail Electric	**$ 437,582**	**$ 422,981**	**5,243**	**4,945**	**439,794**	**434,575**

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

NorthWestern Energy
Delivering a Bright Future

Natural Gas Segment
(Six Months Ended June 30)

(dollars in millions)	Results 2019	Results 2018	Results Change	Results % Change
Retail revenues	$ 150.9	$ 142.6	$ 8.3	5.8 %
Regulatory amortization	(7.1)	(8.2)	1.1	(13.4)
Total retail revenue	143.8	134.4	9.4	7.0
Wholesale and other	18.4	20.8	(2.4)	(11.5)
Total Revenues	**162.2**	**155.2**	**7.0**	**4.5**
Total Cost of Sales	**51.8**	**51.4**	**0.4**	**0.8**
Gross Margin (1)	**$ 110.4**	**$ 103.8**	**$ 6.6**	**$ 6.4 %**

	Revenues		Dekatherms (Dkt)		Avg. Customer Count	
	2019	2018	2019	2018	2019	2018
	(in thousands)					
Retail Gas						
Montana	$ 64,386	$ 58,477	9,080	7,998	174,558	172,495
South Dakota	18,699	17,025	2,433	2,376	40,132	39,740
Nebraska	13,845	16,404	2,040	2,007	37,472	37,424
Residential	**96,930**	**91,906**	**13,553**	**12,381**	**252,162**	**249,659**
Montana	32,497	29,311	4,783	4,193	24,210	23,881
South Dakota	12,791	11,456	2,265	2,167	6,814	6,694
Nebraska	7,395	8,529	1,456	1,408	4,905	4,839
Commercial	**52,683**	**49,296**	**8,504**	**7,768**	**35,929**	**35,414**
Industrial	593	720	90	107	240	246
Other	649	651	110	105	166	163
Total Retail Gas	**$ 150,855**	**$ 142,573**	**22,257**	**20,361**	**288,497**	**285,482**

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

NorthWestern Energy
Delivering a Bright Future

Appendix

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.

Appendix

Non-GAAP Financial Measures

Pre-Tax Adjustments ($ Millions)	2013	2014	2015	2016	2017	2018
Reported GAAP Pre-Tax Income	$ 108.3	$ 110.4	$ 181.2	$ 156.5	$ 176.1	$ 178.3
Non-GAAP Adjustments to Pre-Tax Income:						
Weather	(3.7)	(1.3)	13.2	15.2	(3.4)	(1.3)
Release of MPSC DGGS deferral	-	-	-	-	-	-
Lost revenue recovery related to prior periods	(1.0)	-	-	(14.2)	-	-
DGGS FERC ALJ initial decision - portion related to 2011	-	-	-	-	-	-
MSTI Impairment	-	-	-	-	-	-
Favorable CELP arbitration decision	-	-	-	-	-	-
Remove hydro acquisition transaction costs	6.3	15.4	-	-	-	-
Exclude unplanned hydro earnings	-	(8.7)	-	-	-	-
Remove benefit of insurance settlement	-	-	(20.8)	-	-	-
QF liability adjustment	-	-	6.1	-	-	(17.5)
Electric tracker disallowance of prior period costs	-	-	-	12.2	-	-
Transmission impacts (unfavorable hydro conditions)	-	-	-	-	-	-
Settlement of Workers Compensation Claim	-	-	-	-	-	-
Remove Montana Rate Adjustments not included in guidance						-
Increased pension expense	-	-	-	-	-	-
Transaction costs related to Colstrip Unit 4 sales process						-
Income tax adjustment	-		-		-	9.4
Unplanned Equity Dilution from Hydro transaction						-
Adjusted Non-GAAP Pre-Tax Income	$ 109.8	$ 115.8	$ 179.7	$ 169.7	$ 172.7	$ 168.8

Tax Adjustments to Non-GAAP Items ($ Millions)	2013	2014	2015	2016	2017	2018
GAAP Net Income	$ 94.0	$ 120.7	$ 151.2	$ 164.2	$ 162.7	$ 197.0
Non-GAAP Adjustments Taxed at 38.5%:						
Weather	(2.3)	(0.8)	8.1	9.3	(2.1)	(1.0)
Release of MPSC DGGS deferral	-	-	-	-	-	-
Lost revenue recovery related to prior periods	(0.6)	-	-	(8.7)	-	-
DGGS FERC ALJ initial decision - portion related to 2011	-	-	-	-	-	-
MSTI Impairment	-	-	-	-	-	-
Favorable CELP arbitration decision	-	-	-	-	-	-
Remove hydro acquisition transaction costs	3.9	9.5	-	-	-	-
Exclude unplanned hydro earnings	-	(5.4)	-	-	-	-
Remove benefit of insurance settlement	-	-	(12.8)	-	-	-
QF liability adjustment	-	-	3.8	-	-	(13.1)
Electric tracker disallowance of prior period costs	-	-	-	7.5	-	-
Transmission impacts (unfavorable hydro conditions)	-	-	-	-	-	-
Settlement of Workers Compensation Claim	-	-	-	-	-	-
Remove Montana Rate Adjustments not included in guidance	-	-	-	-	-	-
Increased pension expense	-	-	-	-	-	-
Transaction costs related to Colstrip Unit 4 sales process	-	-	-	-	-	-
Income tax adjustment	-	(18.5)	-	(12.5)	-	(12.8)
Unplanned Equity Dilution from Hydro transaction						
Non-GAAP Net Income	$ 94.9	$ 105.5	$ 150.3	$ 159.8	$ 160.6	$ 170.2

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

Delivering a **bright future**

NorthWestern® Energy