



NorthWestern Energy

Annual Meeting of Stockholders - April 24, 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.”

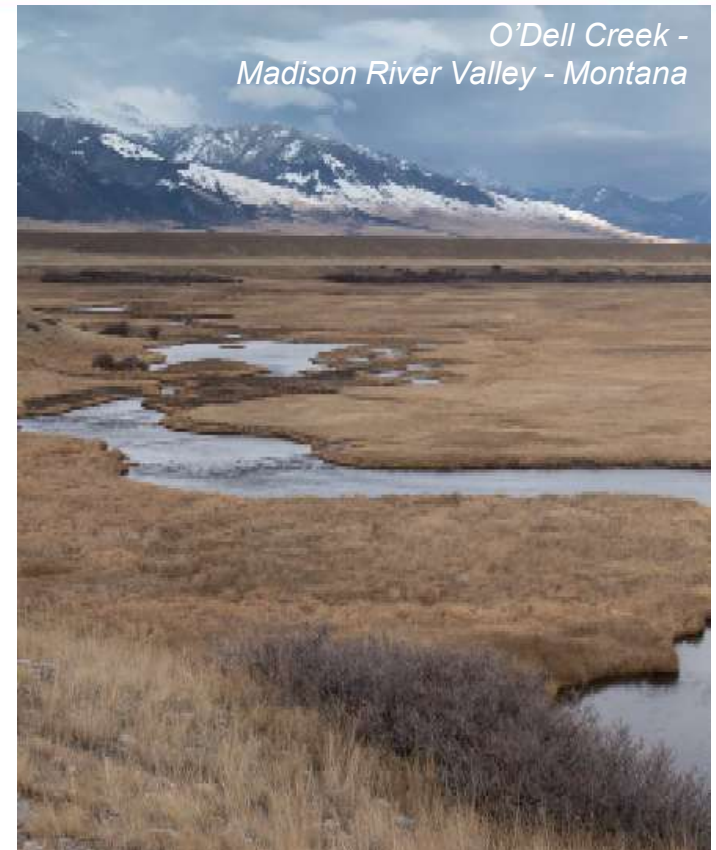
The information in this presentation is based upon our current expectations as of the date hereof unless otherwise noted. Our actual future business and financial performance may differ materially and adversely from our expectations expressed in any forward-looking statements. We undertake no obligation 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

Corporate Office
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Investor Relations Officer
Travis Meyer
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About NorthWestern



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

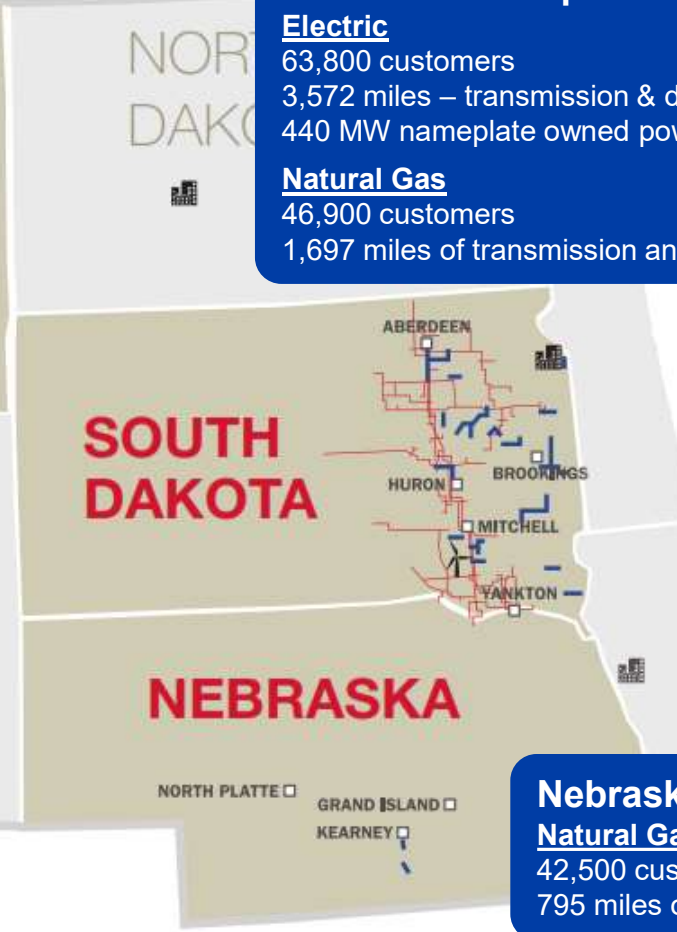
South Dakota Operations

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



Nebraska Operations

Natural Gas

42,500 customers
 795 miles of distribution pipeline

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

Data as of 12/31/2018



NWE - An Investment for the Long Term

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

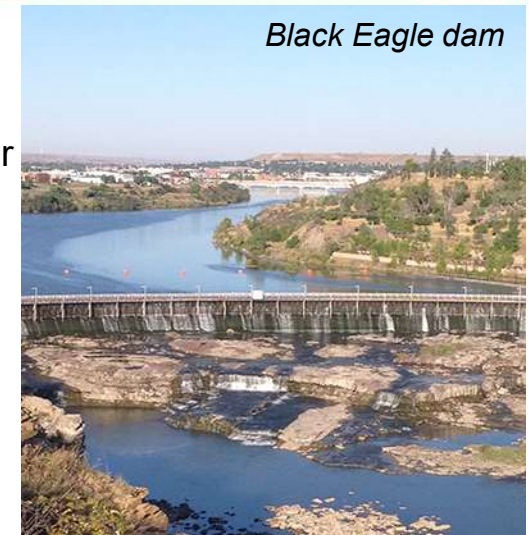
Attractive Future Growth Prospects

- 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

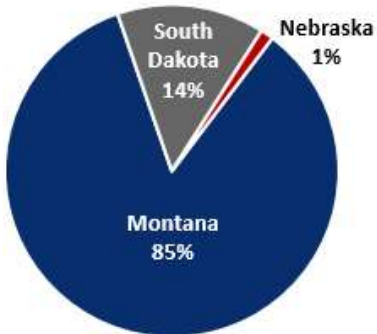
- Debt to total capitalization ratio of 50%-55% with liquidity of \$100 million or greater
- Targeted 6%-9% long-term total shareholder return (eps growth plus dividend yield)
- Targeted dividend payout ratio of 60%-70%

Best Practices Corporate Governance

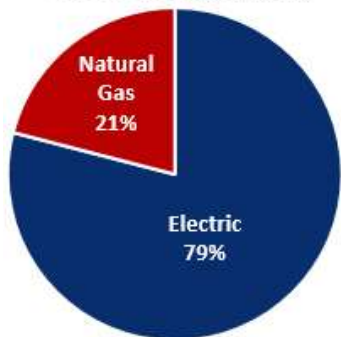


A Diversified Electric and Gas Utility

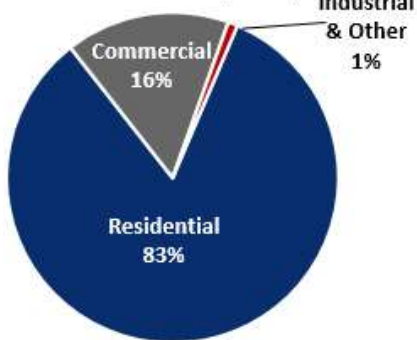
Gross Margin (\$ M) ⁽¹⁾



Gross Margin (\$ M) ⁽¹⁾

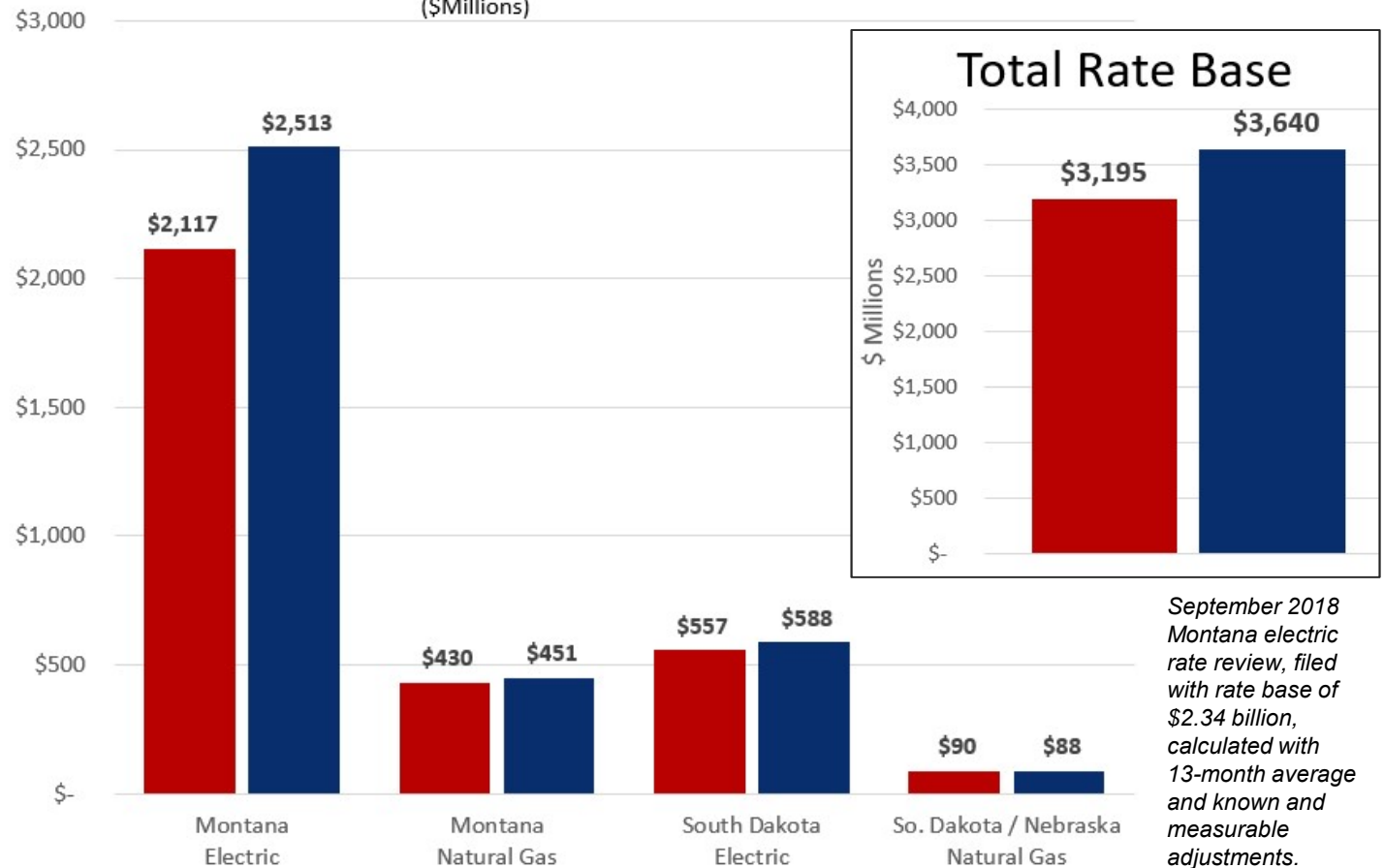


Customers (000's)



Rate Base by Service Territory

(\$Millions)



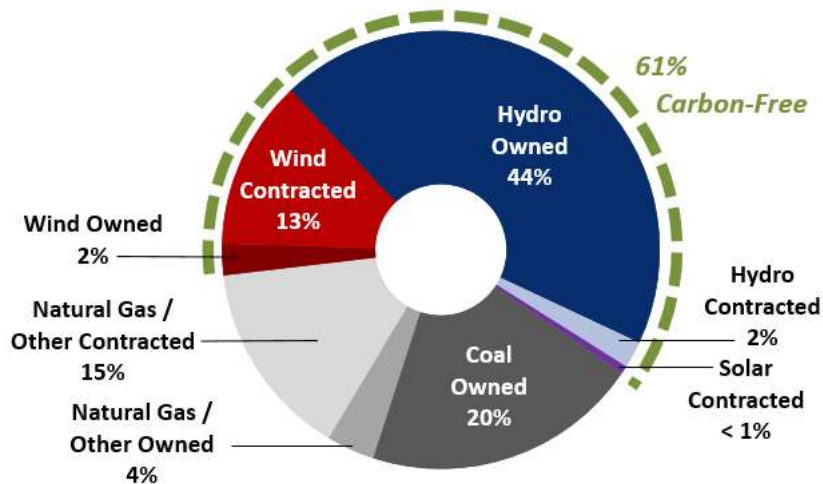
NorthWestern's '80/20' rules:

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.

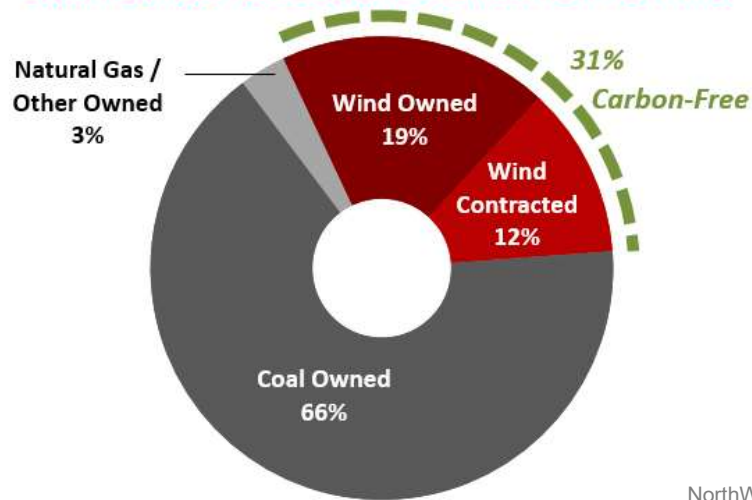
Highly Carbon-Free Supply Portfolio

Montana 2018 Electric Generation Portfolio



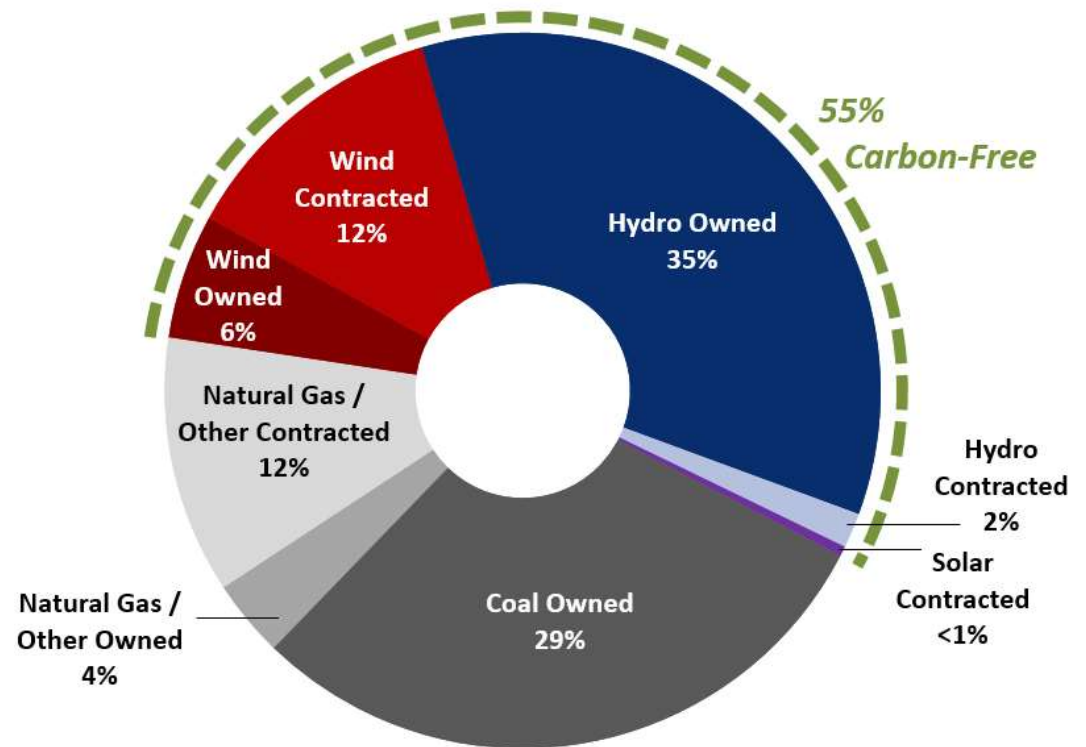
Based on MWH of owned & long-term contracted resources

South Dakota 2018 Electric Generation Portfolio



Based on MWH of owned & long-term contracted resources

2018 Electric Generation Portfolio

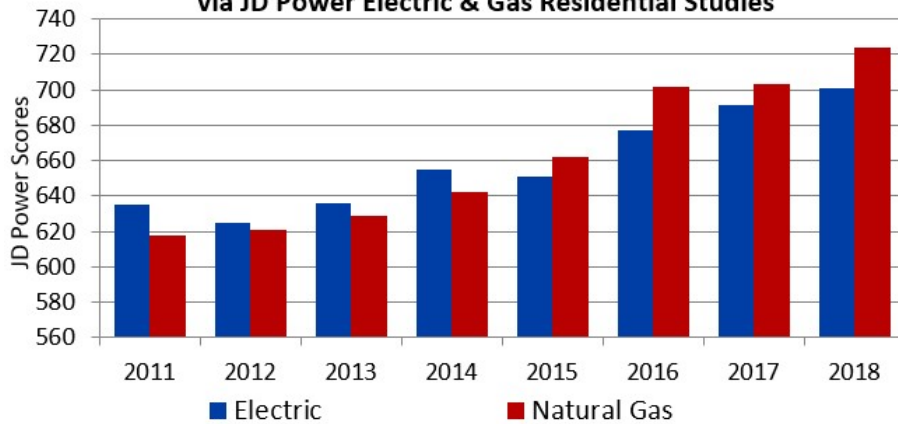


Based upon 2018 MWH's of owned and long-term contracted resources. Approximately 55% of our total company owned and contracted supply is carbon-free.

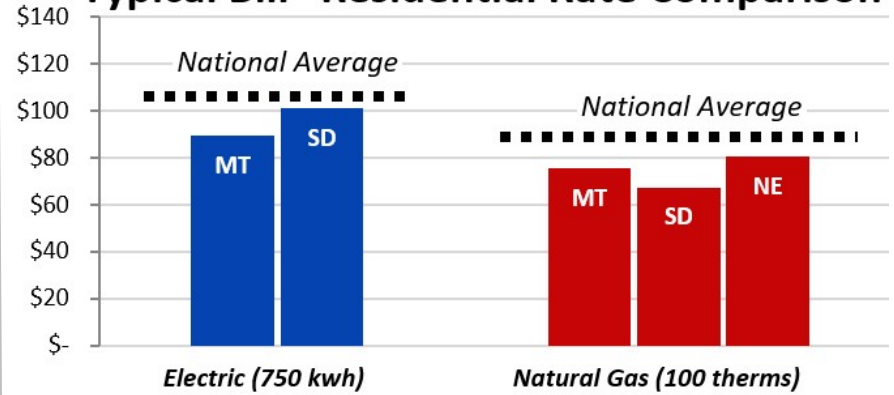
NorthWestern does not own all the renewable energy certificates (RECs) generated by contracted wind, and periodically sells its own RECs with proceeds benefiting retail customers. Accordingly, we cannot represent that 100% of carbon-free energy in the portfolio was delivered to our customers.

Strong Utility Foundation

NWE's Overall Customer Satisfaction Scores
via JD Power Electric & Gas Residential Studies

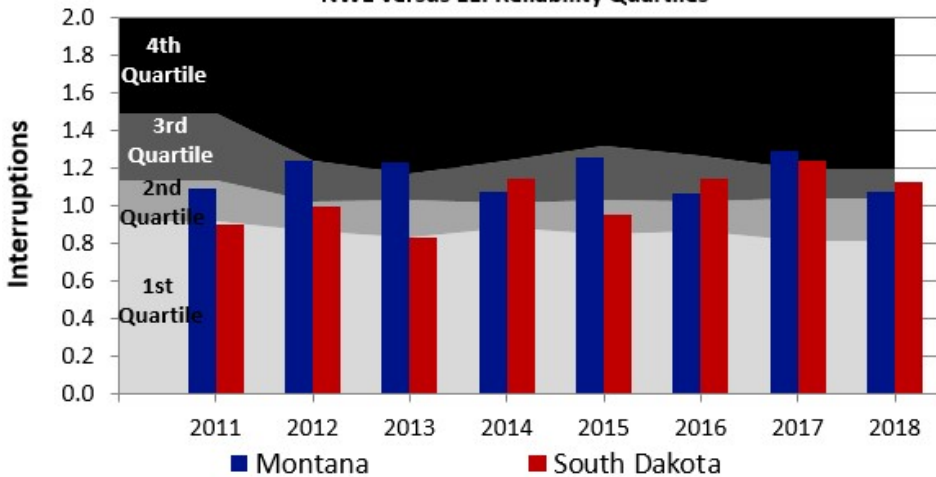


"Typical Bill" Residential Rate Comparison

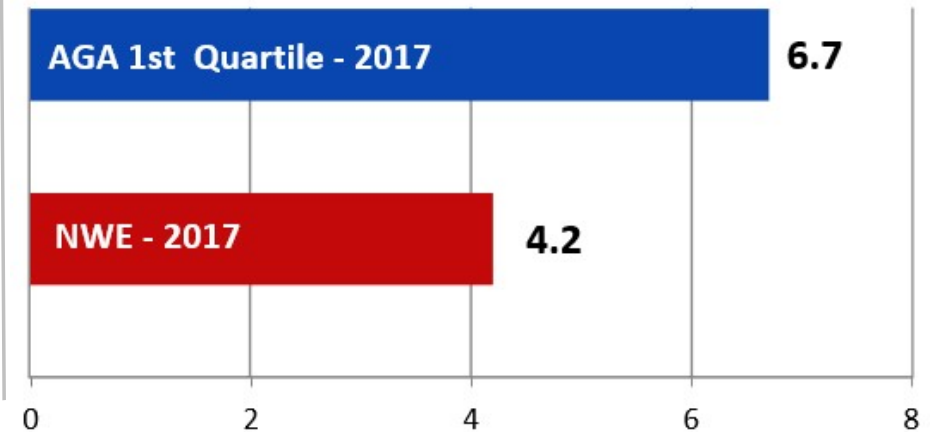


Electric source: Edison Electric Institute Typical Bills and Average Rates Report, 1/1/18
Natural Gas source: US EIA - Monthly residential supply and delivery rates as of January 2018

System Average Interruption Frequency Index (SAIFI)
NWE versus EEI Reliability Quartiles



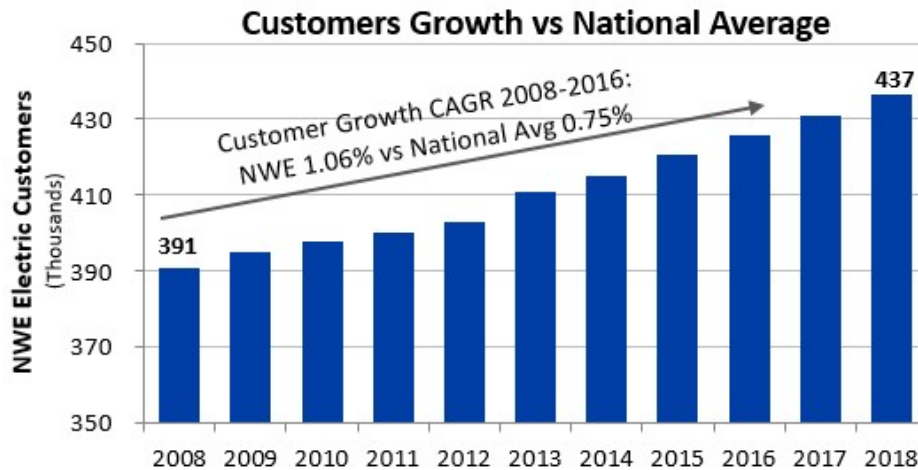
Leaks per 100 Miles of Pipe
Excluding Excavation Damages - 2017



- 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

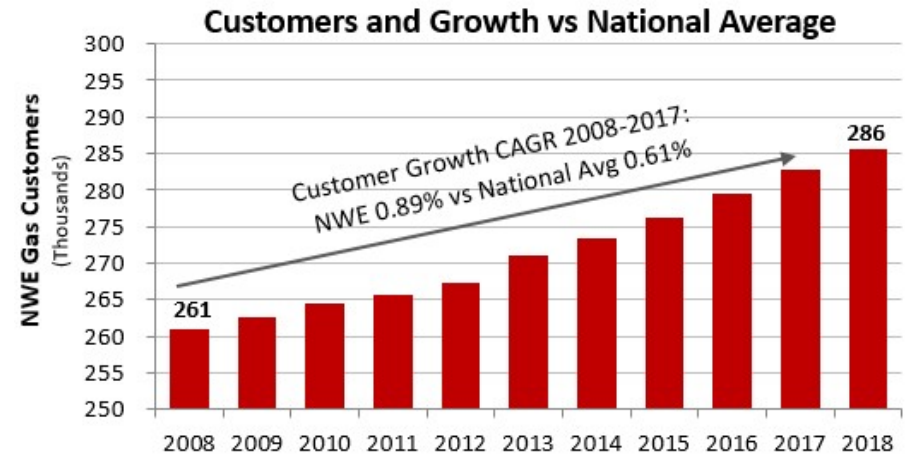
Solid Economic Indicators

Electric



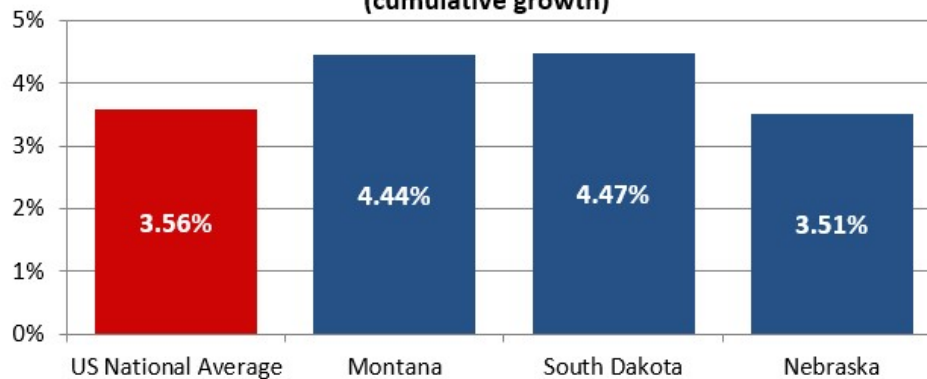
Source: Company 10K's, 2016/2017 EEI Statistical Yearbook – Table 7.2 and EIA.gov

Natural Gas

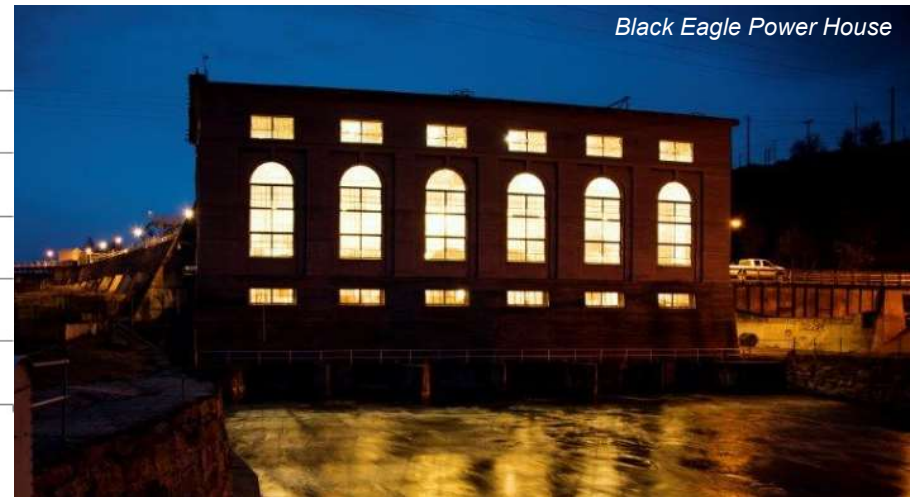


Projected Population Growth 2019 - 2024

(cumulative growth)



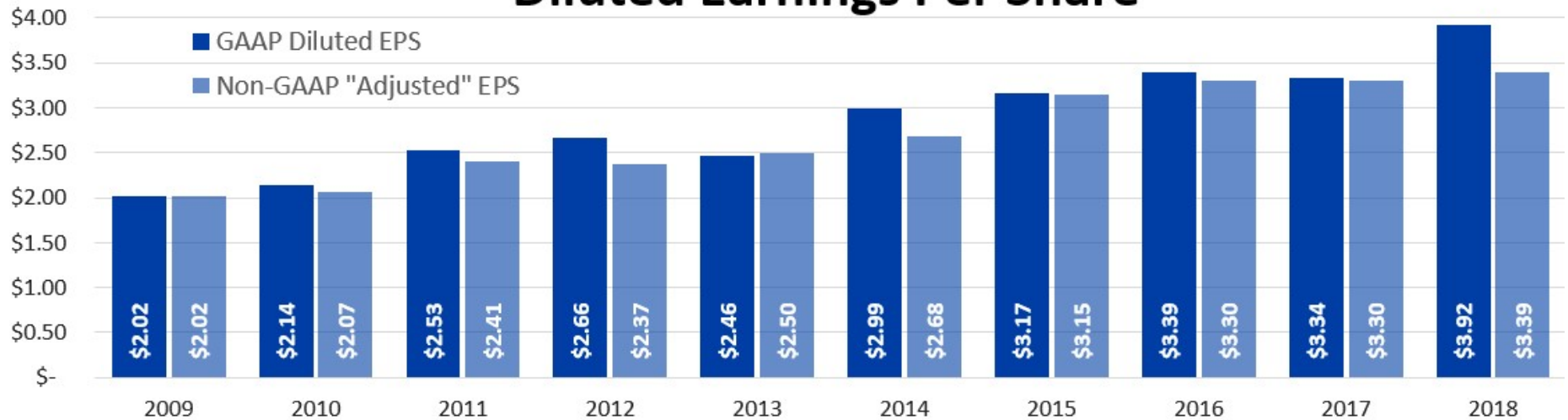
Source: Claritas via S&P Global Market Intelligence 10-26-18



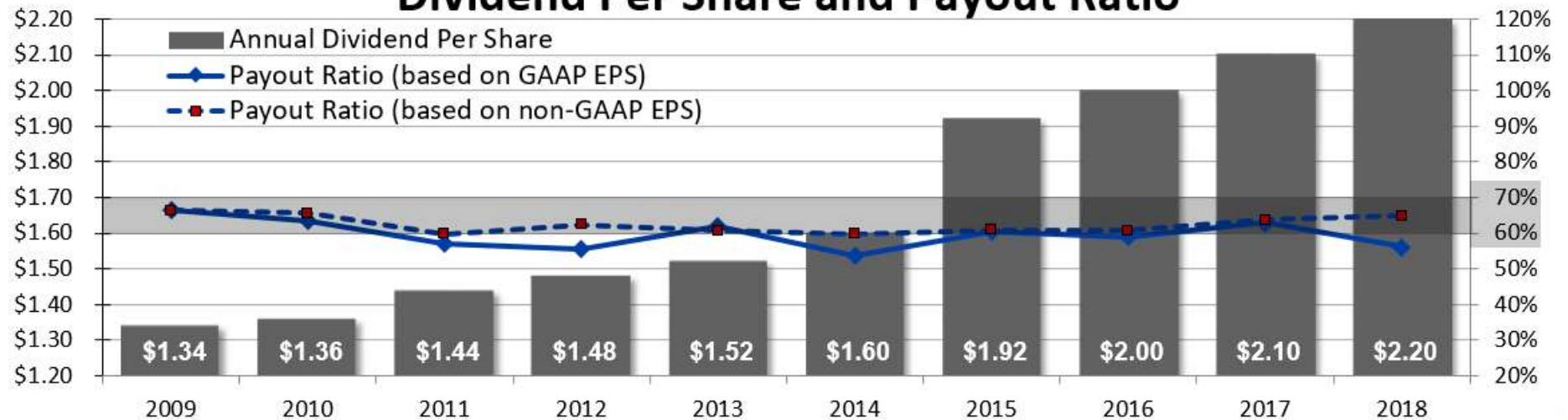
- Customer growth rates historically exceed National Averages.
- Unemployment rates in all three of our states are below or in-line with National Average.

A History of Growth

Diluted Earnings Per Share



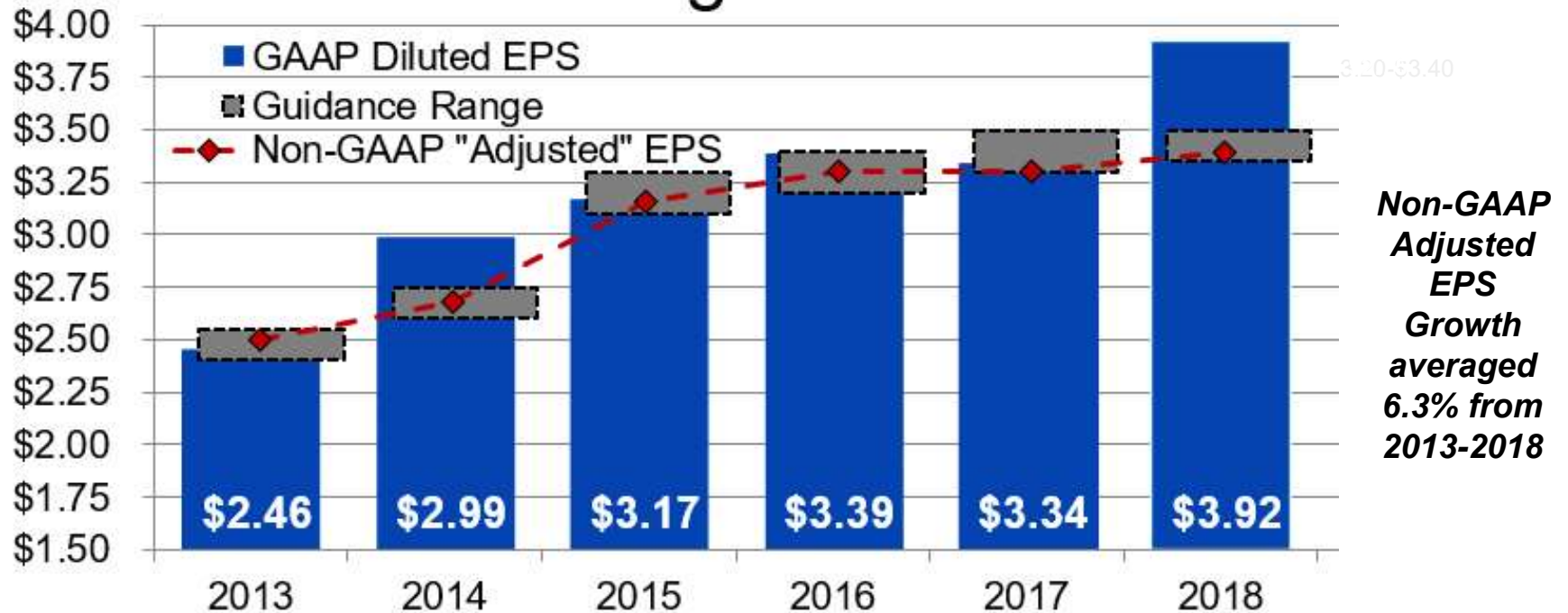
Dividend Per Share and Payout Ratio



2009-2018 CAGR's: GAAP EPS: 7.6% - Non-GAAP EPS: 5.9% - Dividend: 5.7%
 See appendix for "Non-GAAP Financial Measures"

Earnings Growth

Diluted Earnings Per Share

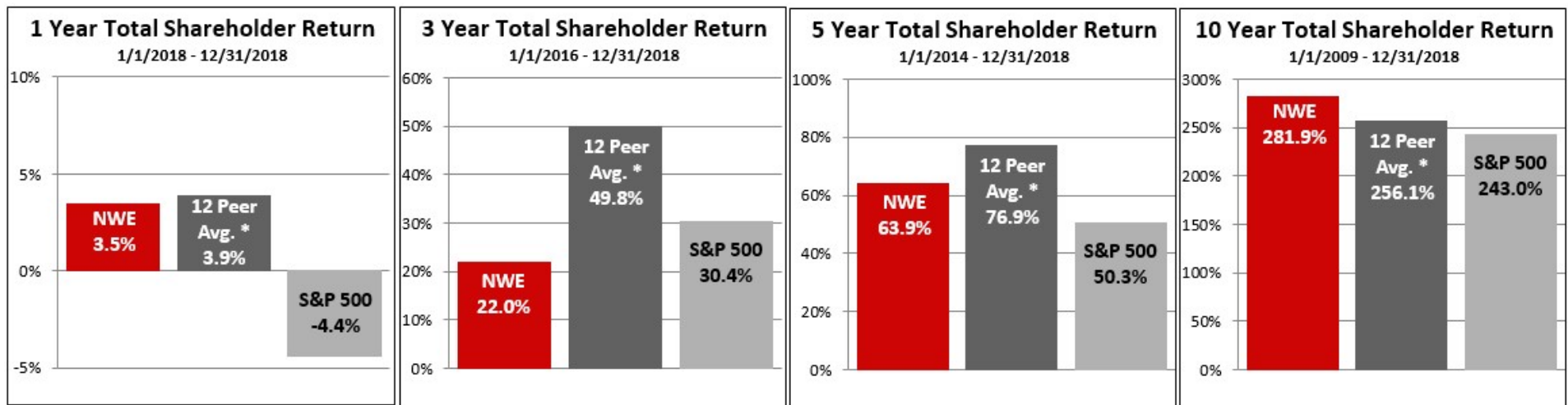
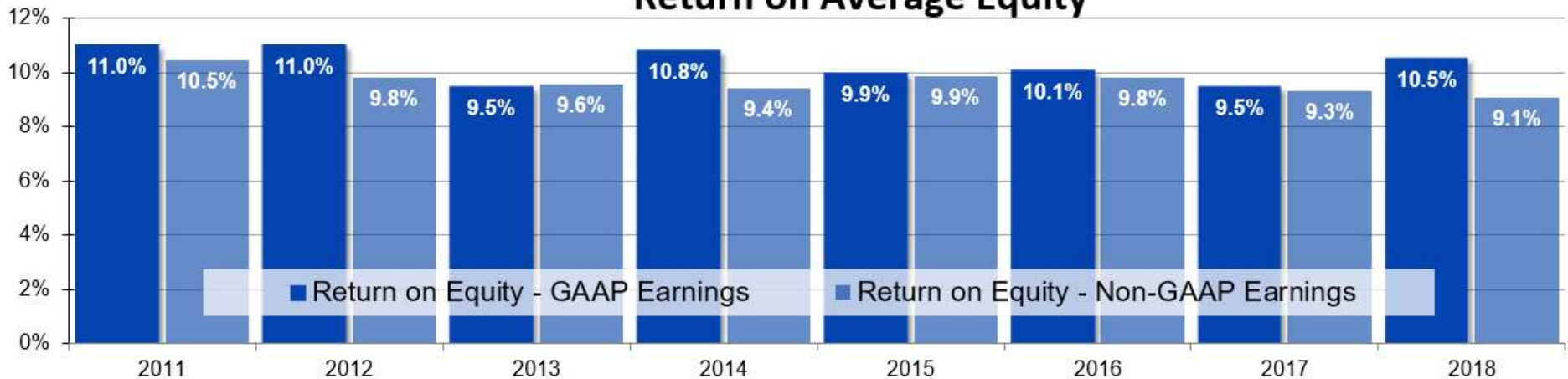


We are not providing 2019 EPS guidance at this time due to the pending Montana rate case. However, continued investment in our system to serve our customers and communities is expected to provide a targeted long term 6-9% total return to our investors through a combination of earnings growth and dividend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

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

Track Record of Delivering Results

Return on Average Equity



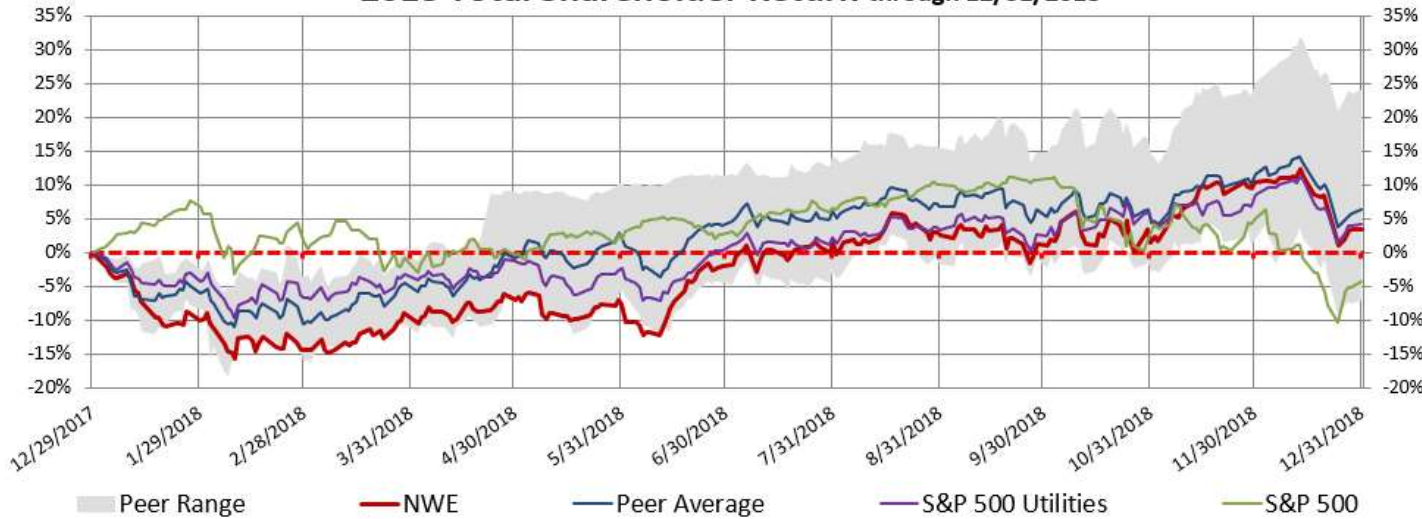
* Peer Group: ALE, AVA, BKH, EE, IDA, MGEE, NWN, OGE, OTTR, PNM, POR & SR

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 10 year period but lags in the 1, 3 & 5 year periods, due in part to some unfavorable regulatory decisions in Montana.

See appendix for "Non-GAAP Financial Measures"

Recent Shareholder Return

2018 Total Shareholder Return through 12/31/2018

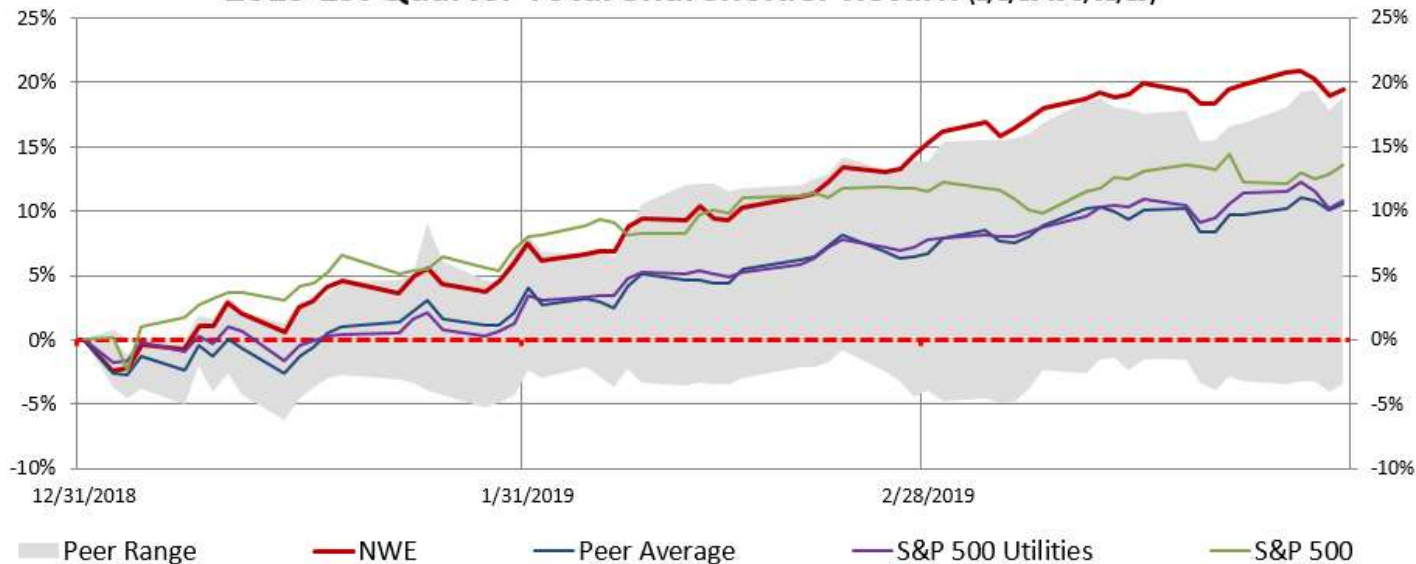


2018 TSR:
 NWE TSR: 3.47%
 Peer TSR: 6.29%
 Rank: 10th of 12 peers

1st Quarter:
 NWE TSR: 19.43%
 Peer TSR: 10.58%
 Rank: 1st of 12 peers

We reached an all-time high closing stock price of \$71.30 on March 26th and an all-time high intra-day trading price of \$71.77 also on March 26th.

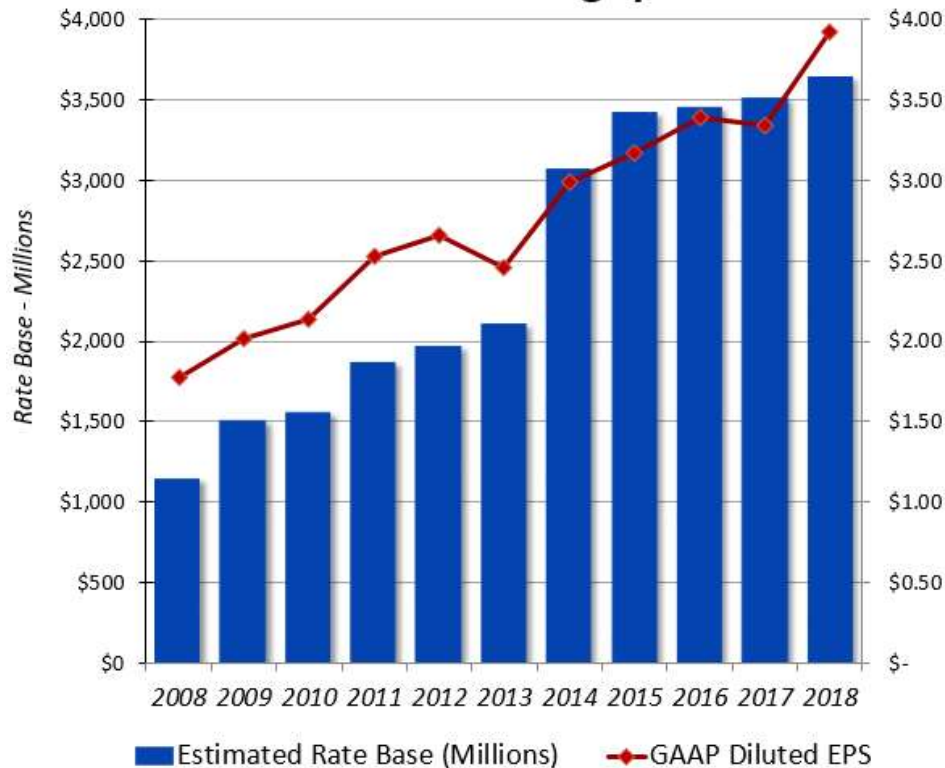
2019 1st Quarter Total Shareholder Return (1/1/19 to 3/31/19)



- 12 member peer group: ALE (ALLETE), AVA (Avista), BKH (Black Hills Corp), EE (El Paso Electric), IDA (IDACORP), MGEE (MGE Energy), NWN (Northwest Natural Gas), OGE (OGE Energy), OTTR (Otter Tail Power), PNM (PNM Resources), POR (Portland General Electric), and SR (Spire)

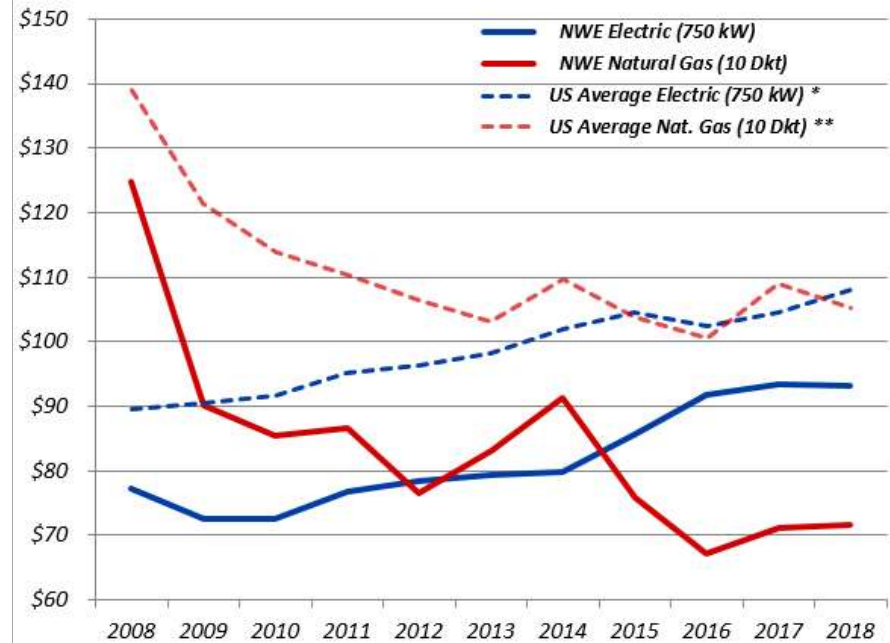
Investment for Our Customers' Benefit

Rate Base and Earnings per Share



Typical Residential Electric and Natural Gas Bill

(average Montana, South Dakota and Nebraska monthly residential customer bill)



* 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

2008-2018 CAGRs

2008-2018 CAGRs

Estimated Rate Base: 12.2%

NWE typical electric bill: 1.9%

US average electric bill: 1.9%*

GAAP Diluted EPS: 8.3%

NWE typical natural gas bill: (5.4%)

US average natural gas bill: (2.7%)**

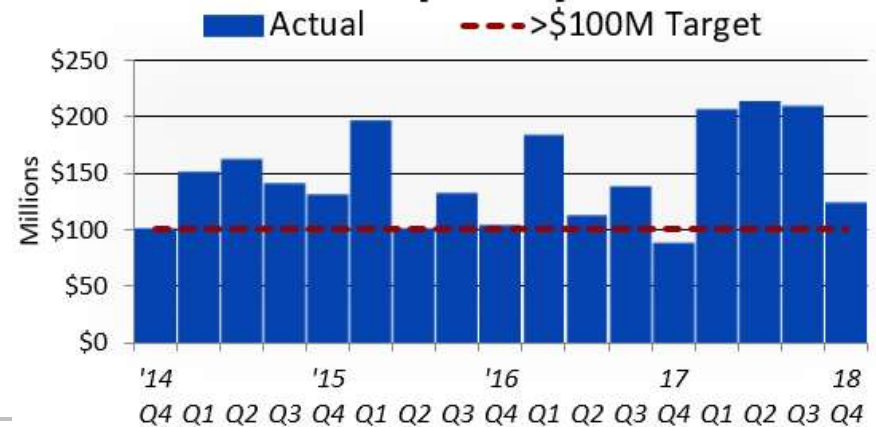
Balance Sheet Strength and Liquidity

Credit Ratings

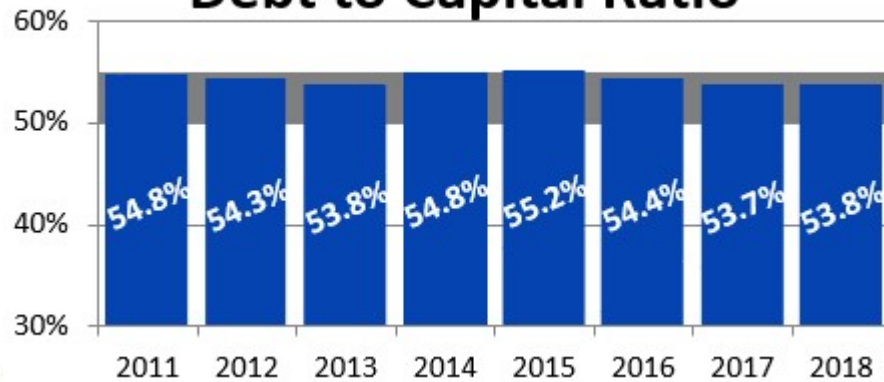
	<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>
Senior Secured Rating	A	A3	A-
Senior Unsecured Rating	A-	Baa2	BBB
Commerical Paper	F2	Prime-2	A-2
Outlook	Negative	Stable	Stable

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

Liquidity

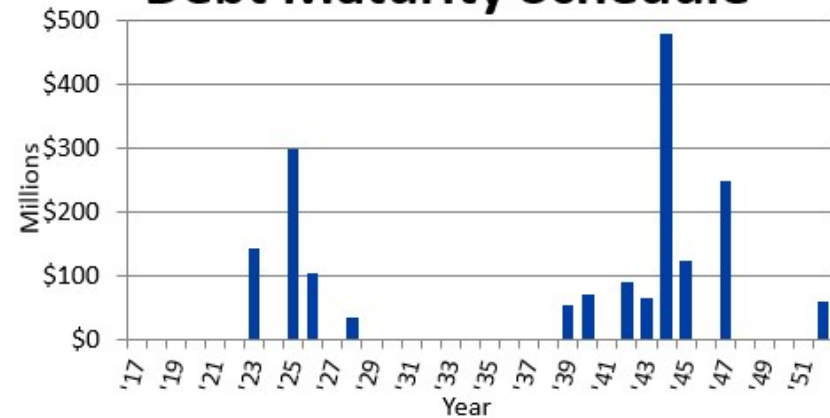


Debt to Capital Ratio



Excludes Basin Creek capital lease and New Market Tax Credit Financing

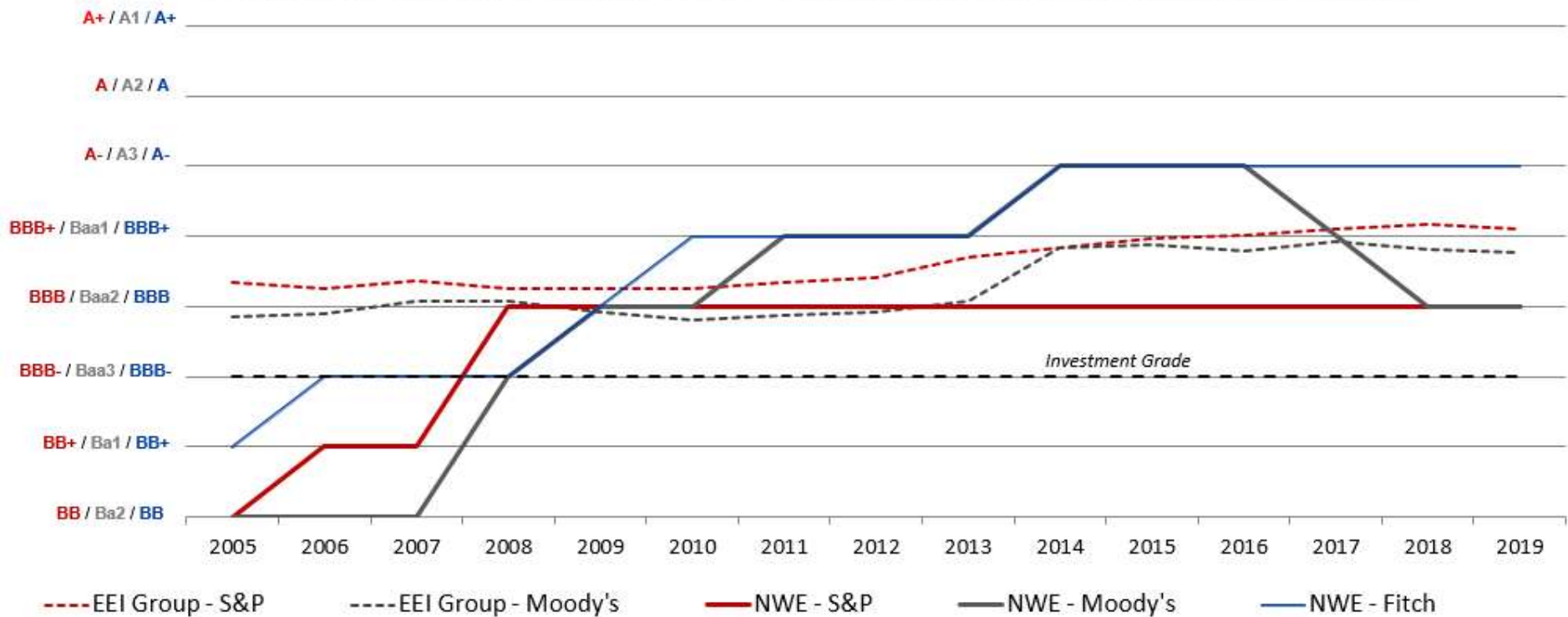
Debt Maturity Schedule



Investment grade credit ratings, liquidity generally in excess of \$100 million target, and debt to cap moving lower within our targeted 50%-55% range.

Credit Ratings

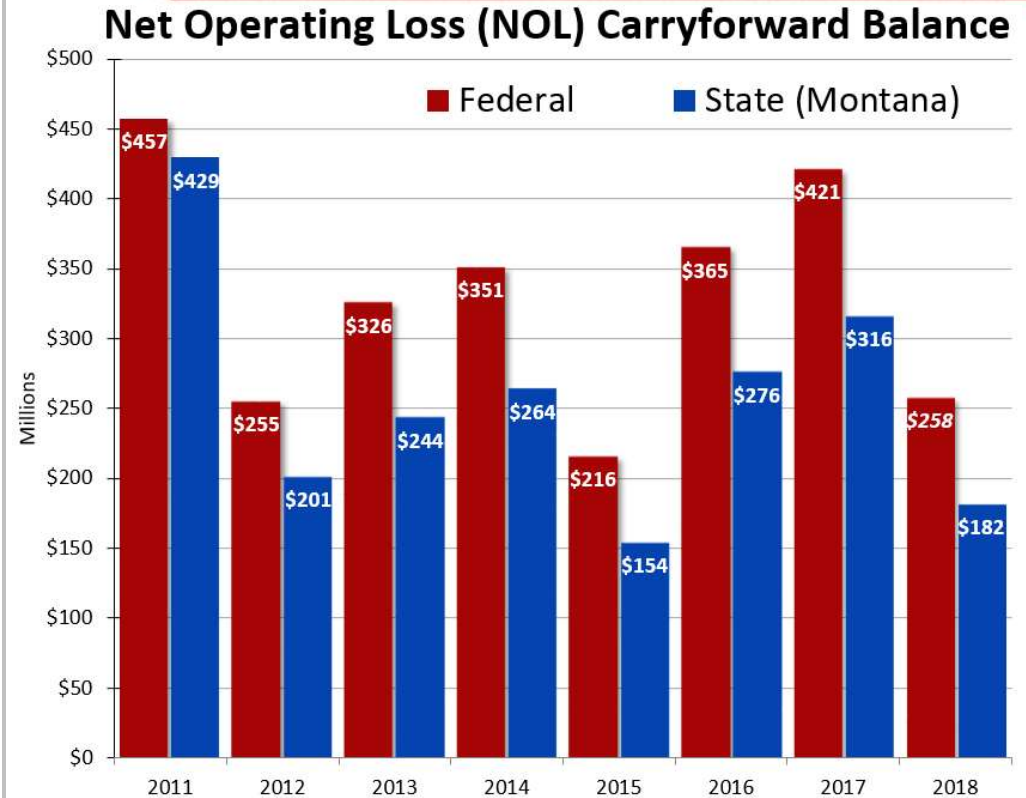
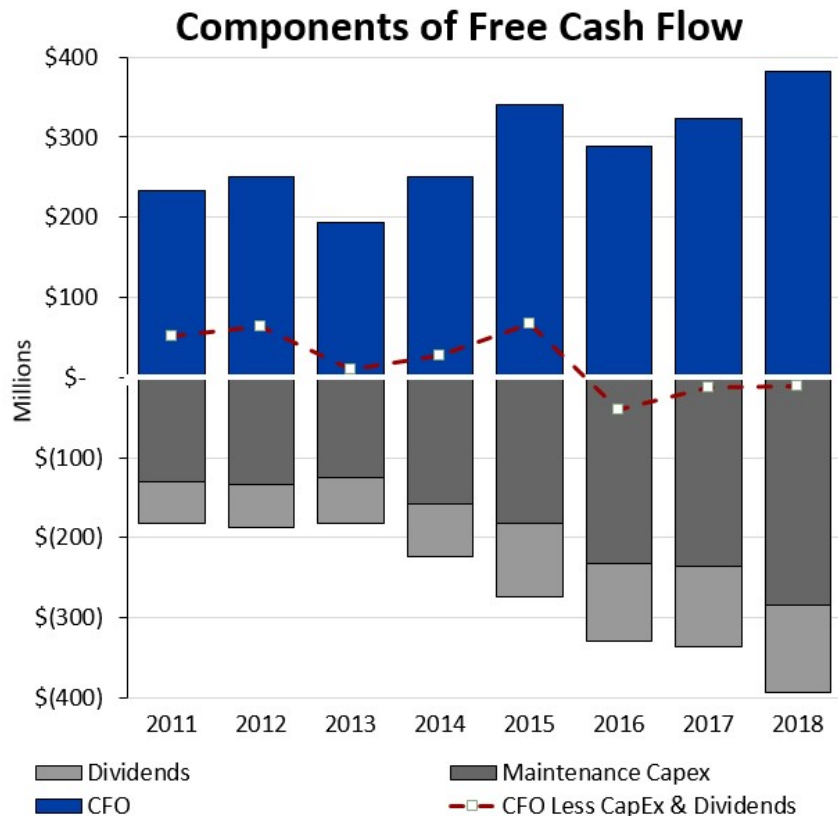
Corporate Long-Term Rating - NWE and Edison Electric Institute (EEI) utility group



Please note some years, if not all, were not reported by agencies on each EEI company

While great strides have been made since emergence from bankruptcy in 2004, regulatory concerns in Montana have put pressure on credit ratings over the last few years. On February 5, 2018, Fitch placed us on Negative Outlook. On May 18, 2018, Moody's downgraded our senior secured and unsecured credit ratings.

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)

Capital Spending Forecast

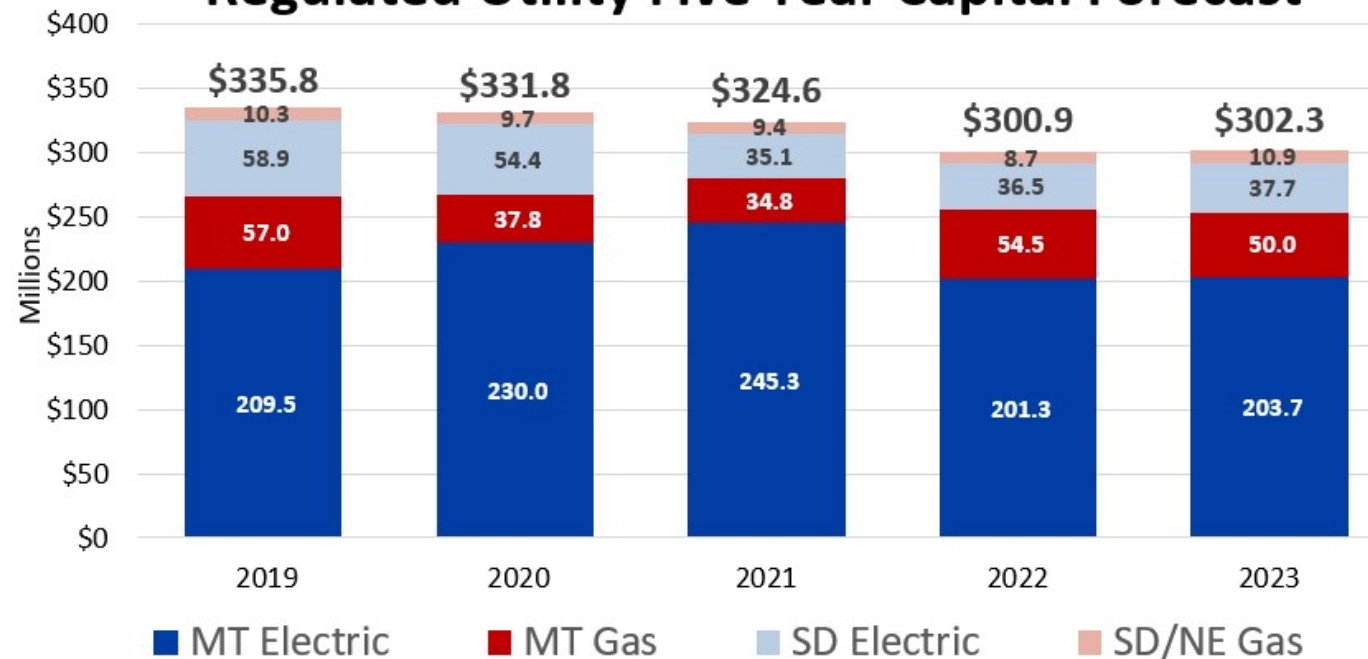
\$1.6 billion of total capital investment over five years.

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

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

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

Regulated Utility Five Year Capital Forecast



\$ Millions	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Electric	\$ 268.4	\$ 284.4	\$ 280.5	\$ 237.8	\$ 241.4
Natural Gas	67.4	47.4	44.1	63.1	60.9
Total Capital Forecast	\$ 335.8	\$ 331.8	\$ 324.6	\$ 300.9	\$ 302.3

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

*Draft plan was released in March 2019.

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 our rugged service territories.

Corporate Governance Finalist

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

Board Diversity Recognition

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

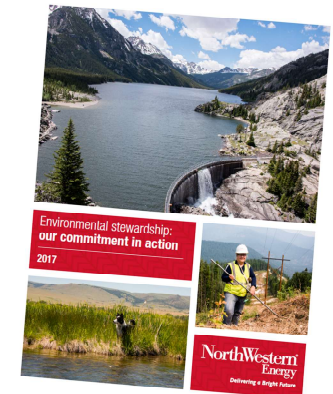


Investor Relations Program Recognition

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

Environmental, Social and Governance Reporting

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



Acquired Two Dot Wind Farm

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



Looking Forward

Regulatory

- MPSC to review Montana general electric rate review, filed in September 2018.
- We expect to file an associated FERC rate case for our Montana transmission assets in the second quarter 2019.

Continue to Invest in our T&D infrastructure

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

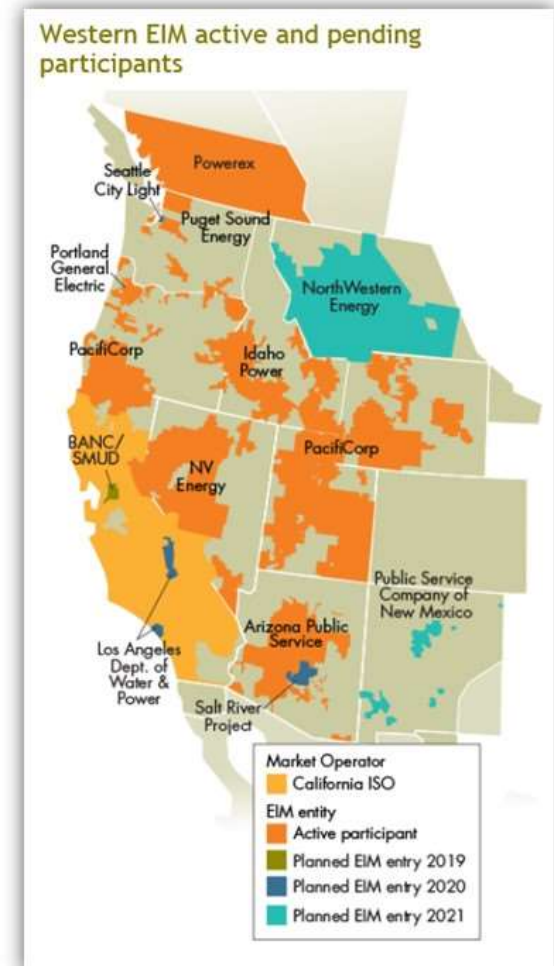
Plans to join Western Energy Imbalance Market (EIM)

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

Cost Control Efforts

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

Advance Electricity Resource Planning efforts in South Dakota and Montana



Exemplary Board of Directors



(left to right)

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

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

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

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

Britt Ide – Independent Director since April 27, 2017 – Governance & Innovation and Audit Committees

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

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

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



Experienced Executive Team



John Hines – VP Supply – current position since 2011



Crystal Lail – VP & Controller – current position since 2015



Curtis Pohl – VP Distribution – current position since 2003

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



(left to right)

Robert Rowe – President & CEO – current position since 2008



Brian Bird – CFO – current position since 2003

Michael Cashell – VP Transmission – current position since 2011

Heather Grahame – General Counsel and VP Regulatory and Federal Government Affairs – current position since 2010



Strong Corporate Governance



EEI / ESG and Sustainability

Environmental, Social & Governance Report

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



20 / 20 – Women on Boards

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



Cogent Reports

NorthWestern Energy was named "Utility Customer Champion" as one of the Most Trusted Brands, in 2014 and 2015, published by Cogent Reports, which surveyed customers from 125 utilities to develop brand-trust scores for combined electric and natural gas utilities.



Corporate Governance Award Winner

NorthWestern Corporation's 2014 proxy statement won two governance awards – *Exemplary Compensation Discussion and Analysis* from NYSE Governance Services and *Best Proxy Statement (Small to Mid-Cap)* by Corporation Secretary magazine. NorthWestern was recognized as a finalist by Corporation Secretary magazine in the same category in 2012, 2013, 2016, 2017 & 2018.



Best Investor Relations Program

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



NYSE Ethics

In 2013, NorthWestern Energy earned an "A" from New York Stock Exchange's Corpedia, for its Code of Conduct and Ethics, putting it in the top 2 percent of all energy and utility companies reviewed.



Strong Corporate Governance



Forbes America's Most Trustworthy Companies

"America's Most Trustworthy Companies," which identifies the most transparent and trustworthy businesses that trade on the American exchanges. The quantitative and qualitative data analysis looks beyond the raw data on companies' financial statements to assess the true quality of corporate accounting and management practices. Each year Forbes recognizes 100 companies out of over 8,000 for this foremost honor. NWE was one of only three utilities to be distinguished with this honor, by Forbes, in 2013.



Sioux Empire United Way Business of the Year

In February 2017, NorthWestern Energy won Business of the Year, in the 0-100 employee category, from the Sioux Empire United Way (Sioux Falls, SD). Our approximate 40 employees in the Sioux Falls office had the second best giving per employee and also had 100 percent participation in giving for 2016.



Community Works

Community Works encompasses NorthWestern Energy's tradition of funding community activities, charitable efforts and economic development within its service territory. NorthWestern Energy's Community Works programs currently provide more than \$2 million annually in funds for community sponsorships, charitable contributions and economic development organizations in Montana, South Dakota and Nebraska.



South Dakota National Guard Pro Patria Award

The South Dakota National Guard and the Employer Support of the Guard and Reserve (ESGR) recognized NorthWestern in early 2014 with its Pro-Patria award for "exceptional support of national defense through leadership practices and personnel policies" in support of employees who serve in the National Guard and Reserves. The award is given to one company annually.



Worksite Health

In May 2014, NorthWestern Corporation was recognized, by the Montana Worksite Health Promotion Coalition, for excellence in promoting worksite health and earned the Gold Award, for our wellness program "Energize Your Life".



Glass Lewis

NorthWestern Energy was recognized by Glass Lewis, a leading investment research and global proxy advisory firm, as one of the top 42 companies in the US for its 2011 "Say on Pay" proposal, which recognizes companies with clear disclosure and conservative policy with regards to compensation.



Conclusion

Pure
Electric &
Gas Utility

Solid Utility
Foundation

Best
Practices
Corporate
Governance

Attractive
Future
Growth
Prospects

Strong
Earnings &
Cash Flows



Delivering a
bright future

NorthWestern[®]
Energy

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.

Non-GAAP Financial Measures

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 (\$ Million)	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 35.5%:											
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
<i>Diluted Average Shares (Millions)</i>	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

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 Income (\$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.

Non-GAAP Financial Measures

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 Full Year Ending December 31, 2018

(in millions)	Electric	Gas	Other	Total
Operating Revenues	\$ 921.1	\$ 270.9	\$ -	\$ 1,192.0
Cost of Sales	194.6	78.3	-	272.9
Gross Margin	\$ 726.5	\$ 192.6	\$ -	\$ 919.1

Use of Non-GAAP Financial Measures - Gross Margin - Full Year Ending December 31, 2018

(in millions)	Montana	South Dakota	Nebraska	Total
Operating Revenues	\$ 950.7	\$ 208.3	\$ 33.0	\$ 1,192.0
Cost of Sales	174.5	76.9	21.5	272.9
Gross Margin	\$ 776.2	\$ 131.4	\$ 11.5	\$ 919.1

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.