2020 First Quarter Earnings Webcast

April 23, 2020

NorthWestern Energy
Delivering a Bright Future

Presenting Today

Bob Rowe,
President & CEO

Brian Bird,
Vice President & CFO

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.

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Significant Events

- **Net income for the first quarter of 2020 decreased $22.1 million, or 30%, as compared to the same period in 2019.**
  - Diluted earnings per share decreased $0.44, or 31%, as compared to the same period in 2019.
  - After adjusting for weather difference, Non-GAAP* adjusted earnings per share decreased $0.17, or 14%, as compared to the same period in 2019.
- The Board of Directors declared a quarterly dividend of $0.60 per share payable June 30th to shareholders of record as of June 15th, 2020.

- Due to the anticipated impacts from COVID-19 related disruption across our service territory and first quarter results below our expectations, we are lowering 2020 earnings per share guidance to $3.30 - $3.45 (from $3.45 - $3.60). Despite this short-term set-back, our long-term business prospects remain strong.
  - Issued term-loan and priced first mortgage bond to increase liquidity
  - 2020 and longer-term capital investment program remains unchanged
  - No change to our long-term targeted 6% to 9% total shareholder return

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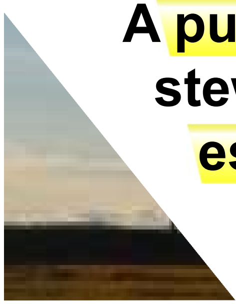
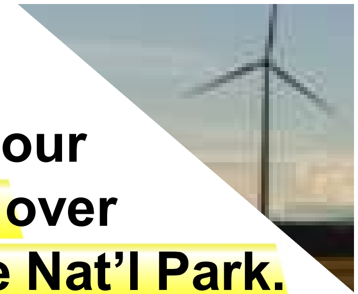
* See slides 14 & 30 for additional information and Non-GAAP disclosures.



A pure electric and natural gas utility; serving as stewards of critical energy infrastructure; providing essential services - in times of trial and triumph; to our resilient customer base spanning a vast footprint over Montana, South Dakota, Nebraska & Yellowstone Nat'l Park.



<u>A Strong Financial Foundation and Investment for the Long Term</u>

- Over 100 years of operating history
- Customer bills well below national average
- Highest ever customer satisfaction scores
- Award winning and best practices corporate governance
- A history of strong earnings growth
- Stable and flexible investment grade balance sheet
- Ample liquidity to weather uncertainty (doubled targeted liquidity $100 to $200 million)
- A history of annual dividend increases (from $1.00 per share in 2005 to $2.40 in 2020)
- A disciplined capital investment program ($400 million plan maintained for 2020)
- A history of stable and consistent customer growth
- A diverse energy supply portfolio already nearly 60% carbon-Free
- A significant generation capacity deficit with opportunity for investment

COVID-19…Our Response

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

Crisis Action Team activated March 11th

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

Keeping Employees Safe

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

Helping Customers and Communities

- Communicating with customers, including commercial and industrial
- Provided $300K of incremental charitable funding specific for COVID relief, including billing relief for small businesses
- Matching employee contributions to COVID-19 relief
- Service disconnections for non payment are suspended
- Low Income Home Energy Assistance Program
- Providing customers and businesses resources to seek additional support on local, state and federal levels

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Summary Financial Results
(First Quarter)

(in millions except per share amounts)

	Three Months Ended March 31,			
	2020	2019	Variance	% Variance
Operating Revenues	$ 335.2	$ 384.2	$ (49.0)	(12.8%)
Cost of Sales	91.2	115.7	(24.5)	(21.2%)
Gross Margin [(1)]	**244.0**	**268.5**	**(24.5)**	**(9.1%)**
Operating Expenses				
Operating, general & administrative	79.0	81.1	(2.1)	(2.6%)
Property and other taxes	44.5	44.8	(0.3)	(0.7%)
Depreciation and depletion	45.3	45.6	(0.3)	(0.7%)
Total Operating Expenses	**168.8**	**171.5**	**(2.7)**	**(1.6%)**
Operating Income	**75.2**	**97.0**	**(21.8)**	**(22.5%)**
Interest Expense	(24.3)	(23.8)	(0.5)	(2.1%)
Other (Expense) / Income	(2.0)	1.1	(3.1)	(281.8%)
Income Before Taxes	**48.9**	**74.4**	**(25.5)**	**(34.3%)**
Income Tax Benefit / (Expense)	1.8	(1.6)	3.4	212.5%
Net Income	**$ 50.7**	**$ 72.8**	**$ (22.1)**	**(30.4%)**
Effective Tax Rate	(3.7%)	2.1%	(5.8%)	
Diluted: Shares Outstanding	50.7	50.7	-	(0.0%)
Diluted Earnings Per Share	$1.00	$ 1.44	$ (0.44)	(30.6%)
Dividends Paid per Common Share	$ 0.60	$ 0.575	$ 0.025	4.3%

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

Gross Margin
(First Quarter)

(dollars in millions)

	Three Months Ended March 31,			
	2020	2019	Variance	
Electric	$ 180.8	$ 196.0	$ (15.2)	(7.8%)
Natural Gas	63.2	72.5	(9.3)	(12.8%)
Total Gross Margin [(1)]	**$ 244.0**	**$ 268.5**	**$ (24.5)**	**(9.1%)**

Decrease in gross margin due to the following factors:

$ (8.7)	Electric retail volumes
(8.4)	Natural gas retail volumes
(1.2)	Electric transmission
(0.6)	Montana natural gas rates
1.6	Montana electric retail rates
(4.9)	Other miscellaneous nonrecurring items
$ (22.2)	**Change in Gross Margin Impacting Net Income**
$ (1.9)	Production tax credits flowed-through trackers
(0.7)	Operating expenses recovered in trackers
0.3	Property taxes recovered in trackers
$ (2.3)	**Change in Gross Margin Offset Within Net Income**
$ (24.5)	**Decrease in Gross Margin**

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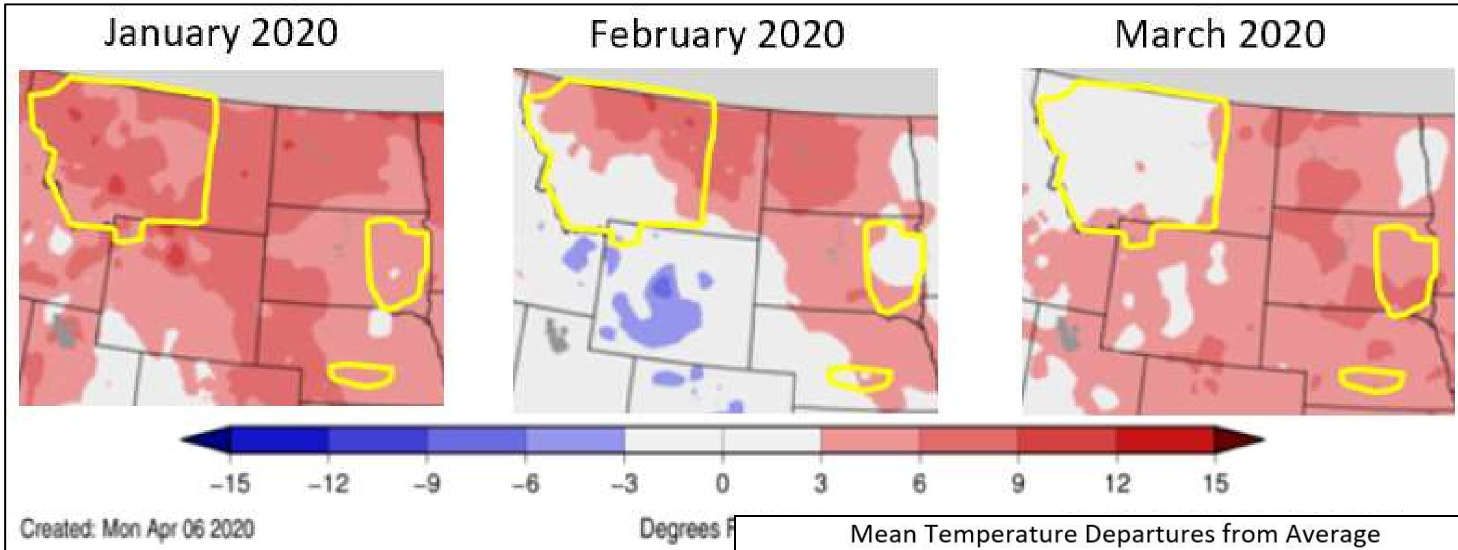
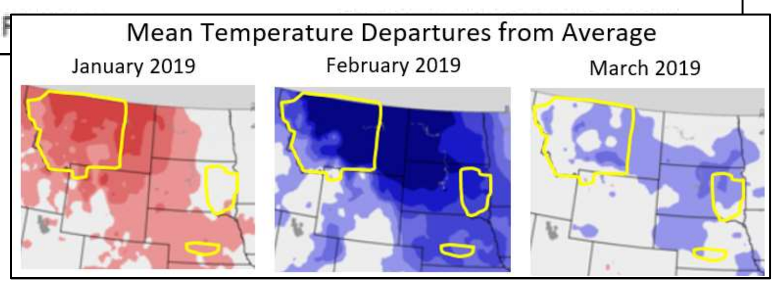
Weather
(First Quarter)

Heating Degree - Days	Qtr 1 Degree Days			Q1 2020 as compared with:	
	2020	2019	Historic Average	2019	Historic Average
Montana	3,136	4,052	3,302	23% warmer	5% warmer
South Dakota	4,029	4,661	4,060	14% warmer	1% warmer
Nebraska	3,074	3,634	3,370	15% warmer	9% warmer





A warm first quarter contributed approximately $4.0M pretax gross margin detriment as compared to normal and $18.0M pretax detriment as compared to first quarter 2019.

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Operating Expenses
(First Quarter)

(dollars in millions)

	Three Months Ended March 31,			
	2020	**2019**	**Variance**	
Operating, general & admin.	$ 79.0	$ 81.1	$ (2.1)	(2.6%)
Property and other taxes	44.5	44.8	(0.3)	(0.7%)
Depreciation and depletion	45.3	45.6	(0.3)	(0.7%)
Operating Expenses	**$ 168.8**	**$ 171.5**	**$ (2.7)**	**(1.6%)**

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

$ 1.4	Generation costs
0.4	Other miscellaneous increases
$ 1.8	**Change in OG&A Items Impacting Net Income**
$ 1.7	Pension and other postretirement benefits
(0.7)	Operating expenses recovered in trackers
(4.9)	Non-employee directors deferred compensation
$ (3.9)	**Change in OG&A Items Offset Within Net Income**
$ (2.1)	**Decrease in Operating, General & Administrative Expenses**

$0.3 million decrease in property and other taxes due primarily to lower MPSC tax and invasive species tax, offset in part by an increase in Montana state and local taxes.

$0.3 million decrease in depreciation and depletion expense primarily due to a depreciation adjustment consistent with the final order in our Montana electric rate case, partly offset by plant additions.

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Operating to Net Income
(First Quarter)

(dollars in millions)

	Three Months Ended March 31,			
	2020	**2019**	**Variance**	
Operating Income	**$ 75.2**	**$ 97.0**	**$ (21.8)**	**(22.5%)**
Interest Expense	(24.3)	(23.8)	(0.5)	(2.1%)
Other (Expense) / Income	(2.0)	1.1	(3.1)	(281.8%)
Income Before Taxes	**48.9**	**74.4**	**(25.5)**	**(34.3%)**
Income Tax Benefit / (Expense)	1.8	(1.6)	3.4	212.5%
Net Income	**$ 50.7**	**$ 72.8**	**$ (22.1)**	**(30.4%)**

$0.5 million increase in interest expenses was primarily due to higher borrowings.

$3.1 million increase in other expense. This includes a $4.9 million decrease in the value of deferred shares held in trust for non-employee directors deferred compensation, partly offset by $1.7 million decrease in other pension expense, both of which are offset in OG&A expenses with no impact to net income.

$3.4 million decrease in income tax expense primarily due to lower pretax income partially offset by lower amortization of excess deferred income tax and other flow-through items.

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Income Tax Reconciliation
(First Quarter)

(in millions)

	Three Months Ended March 31,				
	2020		2019		Variance
Income Before Income Taxes	**$48.9**		**$74.4**		**($25.5)**
Income tax calculated at federal statutory rate	10.3	21.0%	15.6	21.0%	(5.3)
Permanent or flow through adjustments:					
State income, net of federal provisions	-	-	0.9	1.2%	(0.9)
Flow - through repairs deductions	(7.4)	(15.2%)	(7.9)	(10.7%)	0.5
Production tax credits	(3.6)	(7.4%)	(4.4)	(6.0%)	0.8
Share based compensation	(0.6)	(1.2%)	0.2	0.3%	(0.8)
Amortization of excess deferred income tax	(0.4)	(0.7%)	(1.4)	(1.8%)	1.0
Plant and depreciation of flow-through items	0.1	0.3%	(1.5)	(2.0%)	1.6
Recognition of unrecognized tax benefit	-	-	0.4	0.5%	(0.4)
Other, net	(0.2)	(0.5%)	(0.3)	(0.4%)	0.1
Sub-total	(12.1)	(24.7%)	(14.0)	(18.9%)	1.9
Income Tax (Benefit) / Expense	**$ (1.8)**	**(3.7%)**	**$ 1.6**	**2.1%**	**$ (3.4)**

We expect NOLs to be available into 2021 with alternative minimum tax credits and production tax credits to be available into 2023 to reduce cash taxes. Additionally, we anticipate our effective tax rate to reach approximately 10% by 2023.

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Balance Sheet

(dollars in millions)		Period Ended March 31, 2020		Period Ended December 31, 2019
Cash and cash equivalents	$	56.4	$	5.1
Restricted cash		8.8		6.9
Accounts receivable, net		155.9		167.4
Inventories		53.2		53.9
Other current assets		56.0		68.3
Goodwill		357.6		357.6
PP&E and other non-current assets		5,279.1		5,251.4
Total Assets	**$**	**5,966.9**	**$**	**5,910.7**
Payables		66.5		96.7
Finance leases		2.5		2.5
Other current liabilities		279.3		235.1
Long-term debt & capital leases		2,256.2		2,250.7
Other non-current liabilities		1,301.9		1,286.6
Shareholders' equity		2,060.5		2,039.1
Total Liabilities and Equity	**$**	**5,966.9**	**$**	**5,910.7**
Capitalization:				
Finance Leases		2.5		2.5
Long Term Debt & Finance Leases		2,256.2		2,250.7
Less: Basin Creek Finance Lease		(19.3)		(19.9)
Less: New Market Tax Credit Financing Debt		(27.0)		(27.0)
Shareholders' Equity		2,060.5		2,039.1
Total Capitalization	**$**	**4,272.9**	**$**	**4,245.4**
Ratio of Debt to Total Capitalization		**51.8%**		**52.0%**

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

50.8% Debt to Capitalization at March 31, 2019

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Cash Flow

(dollars in millions)	Three Months Ending March 31, 2020		2019	
Operating Activities				
Net Income	$	50.7	$	72.8
Non-Cash adjustments to net income		48.8		48.7
Changes in working capital		62.2		(6.5)
Other non-current assets & liabilities		(3.5)		(3.6)
Cash provided by Operating Activities		**158.2**		**111.4**
Investing Activities				
PP&E additions		(78.4)		(65.6)
Cash used in Investing Activities		**(78.4)**		**(65.6)**
Financing Activities				
Treasury stock activity, net		(2.5)		0.8
Borrowings (repayments) of line of credit, net		6.0		(22.0)
Dividends on common stock		(30.1)		(28.8)
Financing costs		(0.1)		(0.1)
Cash used in Financing Activities		**(26.7)**		**(50.1)**
Increase (Decrease) in Cash, Cash Equiv. & Restricted		**53.1**		**(4.3)**
Beginning Cash, Cash Equiv. & Restricted Cash		12.1		15.3
Ending Cash, Cash Equiv. & Restricted Cash	**$**	**65.1**	**$**	**11.0**

Cash from operating activities increased by nearly $47 million primarily due to improved collections of energy supply costs in 2020 and TCJA credits to Montana customers of approximately $20.5 million in the first quarter of 2019. These improvements were offset in part by reduced net income.

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Adjusted Non-GAAP Earnings
(First Quarter)

(in millions)	GAAP Three Months Ended March 31, 2020	Unfavorable Weather	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Non-employee Deferred Compensation	Non-GAAP Three Months Ended March 31, 2020	Non-GAAP Variance Variance $	%	Non-GAAP Three Months Ended March 31, 2019	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	Favorable Weather	GAAP Three Months Ended March 31, 2019
Revenues	$335.2	4.0			$339.2	($31.0)	-8.4%	$370.2			(14.0)	$384.2
Cost of sales	91.2				91.2	(24.5)	-21.2%	115.7				115.7
Gross Margin	**244.0**	**4.0**	**-**	**-**	**248.0**	**(6.5)**	**-2.6%**	**254.5**	**-**	**-**	**(14.0)**	**268.5**
Op. Expenses												
OG&A	79.0		0.1	2.7	81.8	1.1	1.4%	80.7	(2.2)	1.8		81.1
Prop. & other taxes	44.5				44.5	(0.3)	-0.7%	44.8				44.8
Depreciation	45.3				45.3	(0.3)	-0.7%	45.6				45.6
Total Op. Exp.	**168.8**	**-**	**0.1**	**2.7**	**171.6**	**0.5**	**0.3%**	**171.1**	**(2.2)**	**1.8**	**-**	**171.5**
Op. Income	**75.2**	**4.0**	**(0.1)**	**(2.7)**	**76.4**	**(7.0)**	**-8.4%**	**83.4**	**2.2**	**(1.8)**	**(14.0)**	**97.0**
Interest expense	(24.3)				(24.3)	(0.5)	-2.1%	(23.8)				(23.8)
Other (Exp.) Inc., net	(2.0)		0.1	2.7	0.8	0.1	14.3%	0.7	(2.2)	1.8		1.1
Pretax Income	**48.9**	**4.0**	**-**	**-**	**52.9**	**(7.5)**	**-12.4%**	**60.4**	**-**	**-**	**(14.0)**	**74.4**
Income tax	1.8	(1.0)	-	-	0.8	(1.1)	-56.6%	1.9	-	-	3.5	(1.6)
Net Income	**$50.7**	**3.0**	**-**	**-**	**$53.7**	**($8.6)**	**-13.8%**	**$62.3**	**-**	**-**	**(10.5)**	**$72.8**
ETR	-3.7%	25.3%	-	-	-1.5%			-3.2%	-	-	25.3%	2.2%
Diluted Shares	50.7				50.7	-	0.0%	50.7				50.7
Diluted EPS	**$1.00**	0.06	-	-	$1.06	($0.17)	-13.8%	$1.23	-	-	(0.21)	**$1.44**

The adjusted non-GAAP measures presented in the table above are being shown to reflect significant items that were not contemplated in our original guidance, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

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

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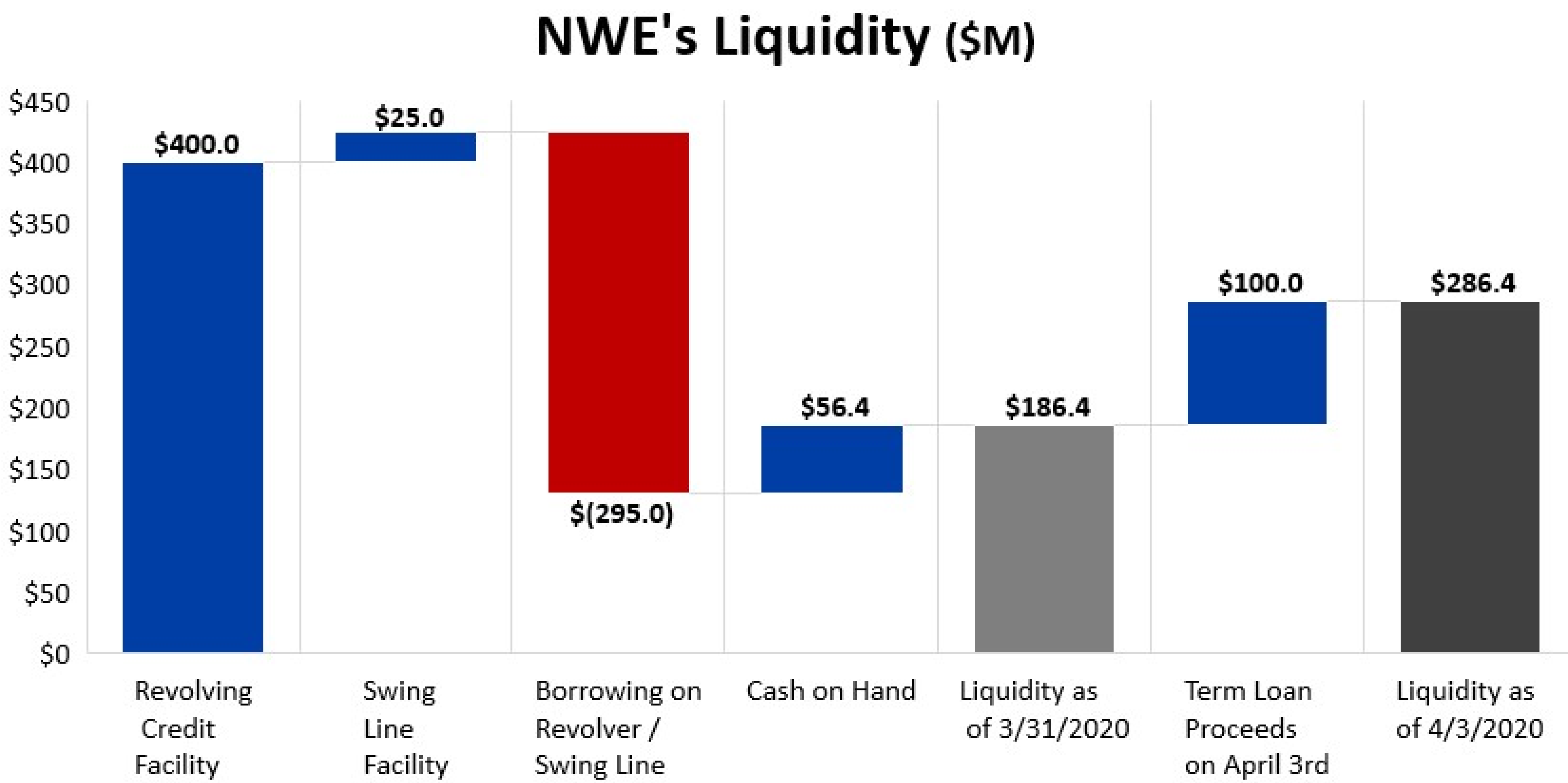
COVID-19 Forecast…Liquidity



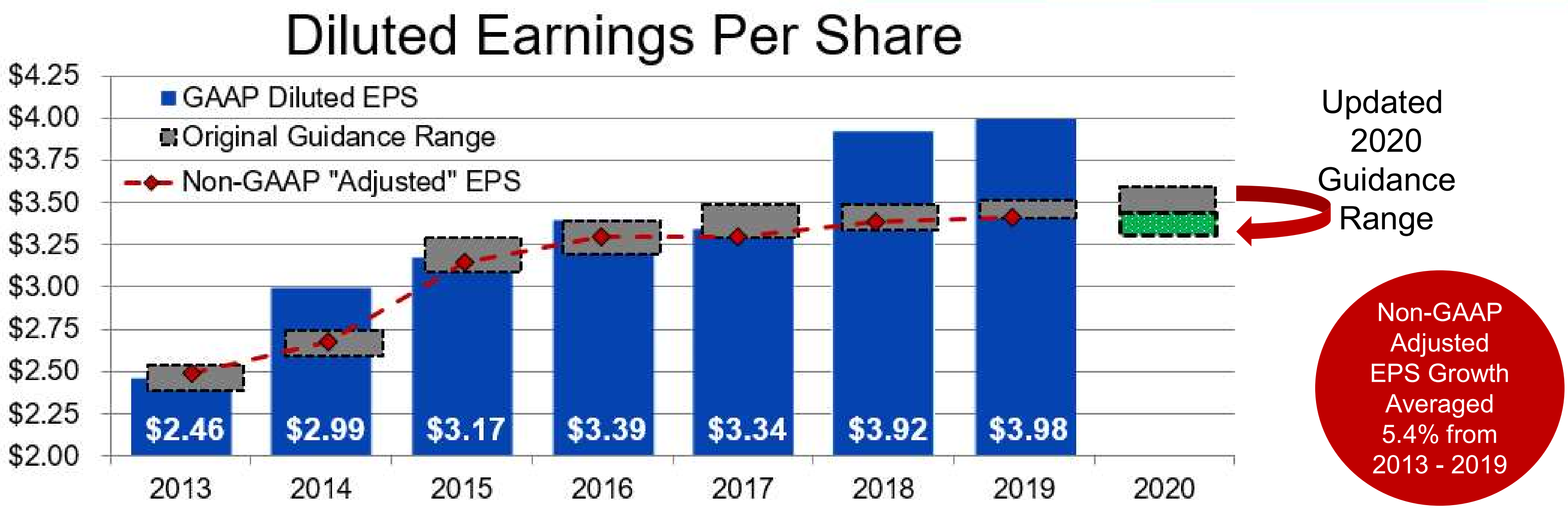
Temporarily Increasing Liquidity

- April 3, 2020: Issued $100M 364 day Term Loan at Eurodollar rate plus 1.5%.
- April 14, 2020: Priced $150 million First Mortgage Bonds at 3.21% to be issued in May 2020.
- As previously disclosed, we were considering an equity issuance in late 2020 or early 2021 to maintain and protect our current credit ratings. Our current plan may delay our anticipated equity issuance into 2021.

Normal liquidity minimum target is > $100 million

COVID-19 liquidity target now > $200 million

Diluted Earnings Per Share



NorthWestern is **lowering its 2020 earnings guidance range to $3.30 to $3.45 per diluted share** (from $3.45 to $3.60) based upon, but not limited to, the following major assumptions and expectations:

- **COVID-19 related distancing measures and business closures remain in place through June, easing significantly during the 3rd quarter and nearly fully recovered in the 4th quarter of 2020;**
- Normal weather in our electric and natural gas service territories;
- A **consolidated income tax rate of approximately (5%) to 0%** of pre-tax income (previously (2%) to 3%); and
- Diluted shares outstanding of approximately 50.9 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"

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2019 Non-GAAP to 2020 Revised EPS Bridge

After-tax earnings per share increase (decrease)

	Actual Q1	Q2 - Q4 Forecast Low		Q2 - Q4 Forecast High	Revised Guidance Full Year Low		Revised Guidance Full Year High	Initial Guidance Full Year Low		Initial Guidance Full Year High
2019 Non-GAAP Diluted EPS	**$1.23**	**$2.19**		**$2.19**	**$3.42**		**$3.42**	**$3.42**		**$3.42**
2020 Earnings Drivers										
Gross margin	($0.09)	($0.03)	-	$0.03	($0.12)	-	($0.06)	$0.15	-	$0.21
OG&A expense	(0.01)	0.20	-	0.23	0.19	-	0.22	0.11	-	0.14
Property & other tax expense	0.00	(0.09)	-	(0.08)	(0.09)	-	(0.08)	(0.09)	-	(0.08)
Depreciation expense	0.00	(0.13)	-	(0.12)	(0.13)	-	(0.12)	(0.16)	-	(0.14)
Interest expense	(0.01)	(0.03)	-	(0.02)	(0.04)	-	(0.03)	(0.04)	-	(0.02)
Other income	0.00	0.03	-	0.04	0.03	-	0.04	0.03	-	0.05
Incremental tax impact*	(0.06)	0.10	-	0.13	0.04	-	0.07	0.03	-	0.05
Subtotal of anticipated changes	($0.17)	$0.05	-	$0.21	($0.12)	-	$0.04	$0.03	-	$0.21
2020 EPS Non-GAAP Estimate (pre equity dilution)	**$1.06**	**$2.24**		**$2.40**	**$3.30**		**$3.46**	**$3.45**		**$3.63**
Dilution from higher outstanding shares	-	-		($0.01)	-		($0.01)	-		($0.03)
2020 EPS Estimate (post equity dilution)	**$1.06**	**$2.24**		**$2.39**	**$3.30**		**$3.45**	**$3.45**		**$3.60**
2020 Non-GAAP Adjusted Diluted EPS (Midpoint)					**$3.38**			$3.53		

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

Gross Margin
$0.27 reduction which approximately 1/3 is due to first quarter and the remainder due to expected COVID related impacts on loads and volumes.

OG&A
$0.08 improvement due to incremental cost controls to help offset gross margin detriment.

Depreciation
$0.02 - $0.03 improvement due to timing of capital placed in service at year-end 2019.

Incremental Income Tax
$0.01 - $0.02 improvement due primarily to increased flow-through items (i.e. repairs deductible capital). Significant detriment in first quarter is primarily related to a year-over-year timing difference.

Incremental cost controls will be implemented to help offset a portion of the gross margin detriments recorded in the first quarter. Our $0.15 guidance reduction is in part due to a disappointing first quarter with the remainder due to expected impacts of COVID-19 for the remainder of 2020.

See assumptions and expectations as listed on prior page.

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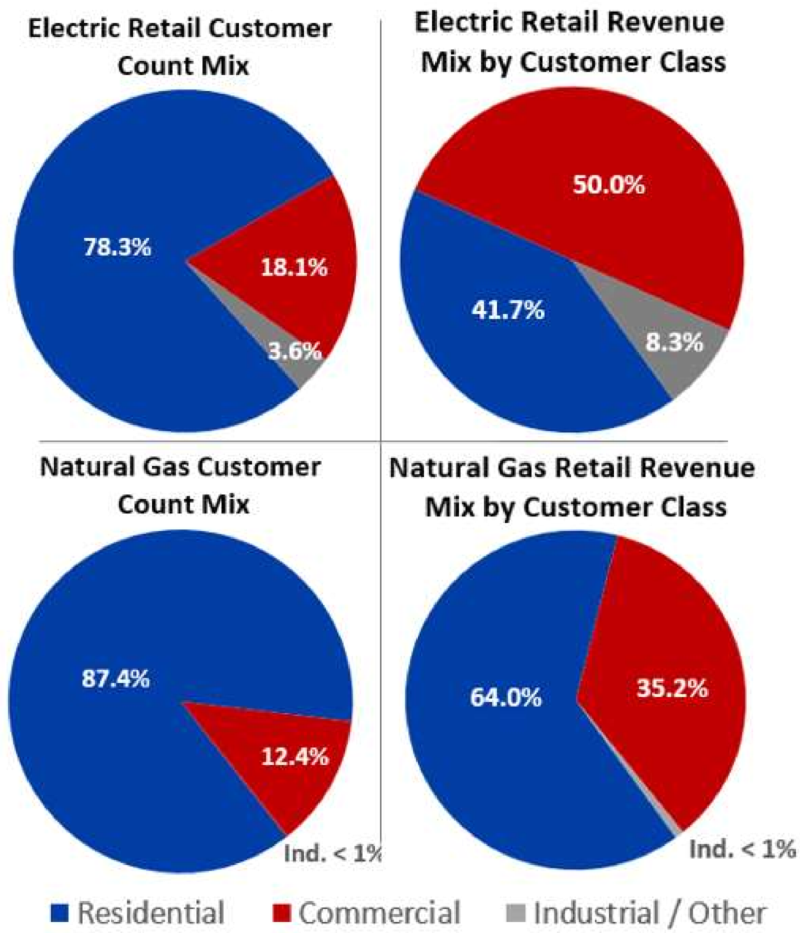
COVID-19: Margin Expectations



High-Level COVID Load Impacts vs Planned 2020 Loads			
	Q2	Q3	Q4
Industrial	(4.0%)	(1.5%)	(0.3%)
Commercial	(12.0%)	(4.5%)	(0.8%)
Residential	4.0%	1.5%	0.3%

Applying our high-level estimated impacts above to customer loads results in the following overall impact to load by class:

Electric: Q2-Q4 Period-over-Period Volume Comparison		
	2020 Est. (Covid) vs. 2019 Normalized	2020 Est. (Covid) vs. 2020 Est. (Pre-Covid)
Industrial	(4.1%)	(1.9%)
Commercial	(1.8%)	(5.8%)
Residential	4.1%	2.4%

Natural Gas: Q2-Q4 Period-over-Period Volume Comparison		
	2020 Est. (Covid) vs. 2019 Normalized	2020 Est. (Covid) vs. 2020 Est. (Pre-Covid)
Commercial	(4.3%)	(4.7%)
Residential	1.9%	1.6%

Updated gross margin guidance for Q2-Q4 2020:
We anticipated ($0.03) to $0.03* of EPS impact as compared to the same period 2019.
Based upon our assumptions, the impact of COVID on our forecast is expected to offset most, if not all, of our forecasted organic growth.

* (-$2M to +$2.0M pretax)

COVID-19: Expense Expectations

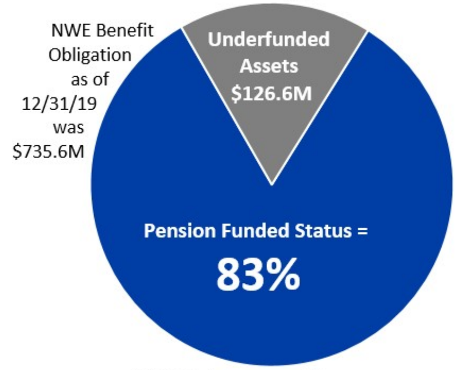
Expenses we expect to increase:

- Bad debt expense
  - We assume significant recovery through a regulatory mechanism
- COVID related charitable contributions

Expenses we expect to decrease:

- Distribution customer work
- Contract services and material costs
- Fleet fuel costs
- Travel and employee education
- Lower benefits and incentive pay

NorthWestern Energy Pension Plan

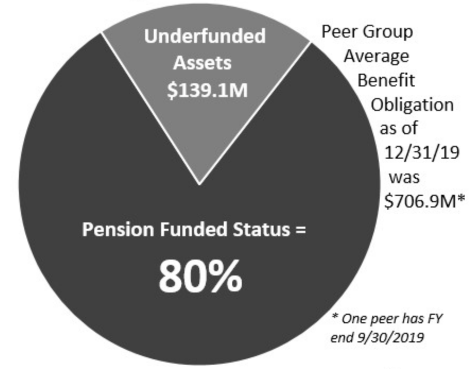


NWE Assumptions

Discount Rate = 3.10% - 3.20%

Expected Long-Term Rate of Return = 4.23% - 5.06%

Peer Group Average Pension Plan



Peer Group Average Assumptions

Discount Rate = 3.49%

Expected Long-Term Rate of Return = 7.06%

Areas unchanged but will monitor and manage appropriately

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

Updated expense guidance for Q2-Q4 2020:
Anticipated $0.20 to $0.23* of EPS improvement as compared to prior year Non-GAAP.
This includes $0.09 of Incremental cost controls as compared to our initial earnings guidance expectations. This assumes regulatory recovery of increased bad debt expense (which we plan to file for and request recovery in each of our jurisdictions).

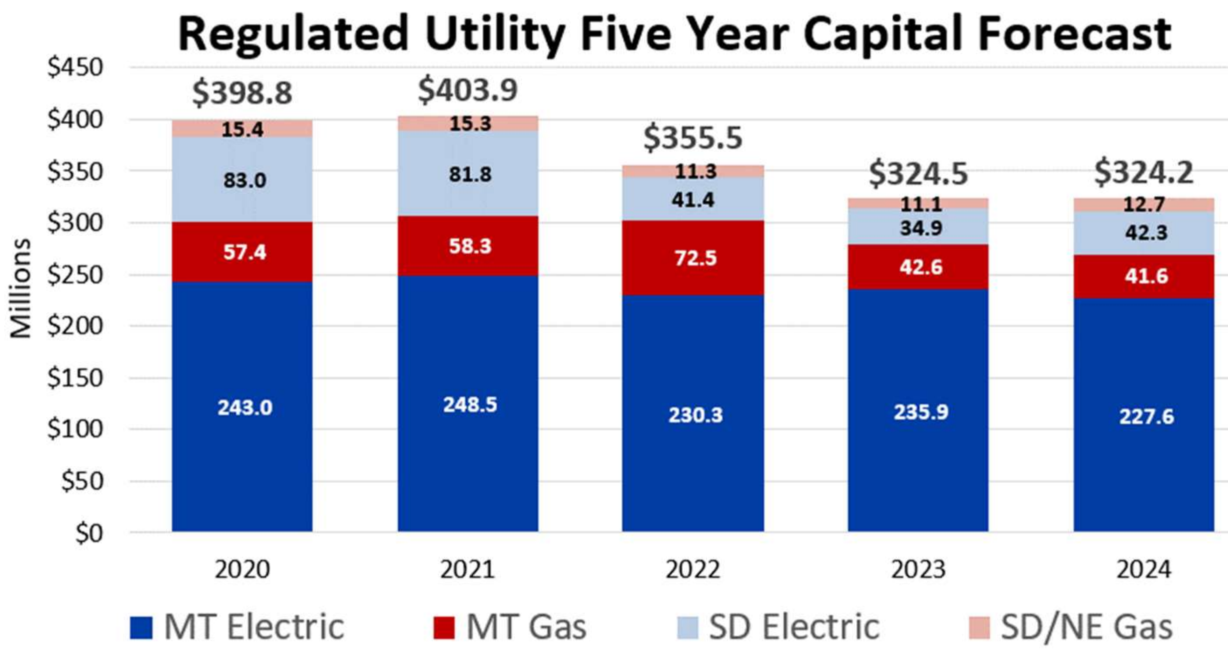
* ($13M to $16M pretax)

Maintaining Capital Investment Forecast

$1.8 billion of total capital investment over five years

We anticipate financing this capital with a combination of cash flow from operations (aided by NOLs available into 2021), first mortgage bonds and equity issuances. Based on current expectations, any equity issuance would be late 2020 or early 2021 and would be sized to maintain and protect current credit ratings.

Significant capital investments that are <u>not</u> in the projections or negative regulatory actions could necessitate additional equity funding.



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

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

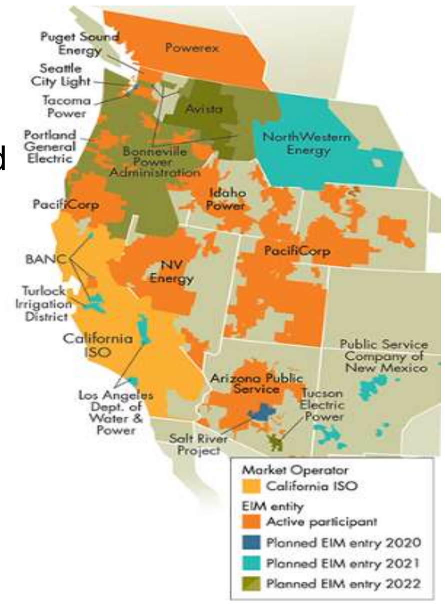
Looking Forward

Regulatory

- In December 2019, the MPSC issued a final order approving our Montana electric rate case settlement, effective April 1, 2019, that results in an annual increase to electric revenue of approximately $6.5 million (based upon a 9.65% return on equity) and a $9.3 million decrease in depreciation expense. Various parties have filed petitions for reconsideration of parts of the order. We expect the MPSC to issue an order on these requests during the second quarter of 2020.
- 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 and settlement negotiations are ongoing. We expect to submit a compliance filing with the MPSC upon resolution of our case adjusting the FERC credit in our retail rates.
- Each year we submit filings for recovery of electric, natural gas and property taxes. The respective commissions review these tracker filings and make cost recovery determinations based on prudency.

Electric Resource Planning

- South Dakota: Construction of approximately 60MW / $80 million flexible reciprocating internal combustion engines in Huron, SD to be online by late 2021.
- Montana: Competitive all-source solicitation for up to 280 MWs of flexible capacity issued February 2020 with project(s) selection in first quarter 2021 and online in early 2023.



Continue to Invest in our Transmission & Distribution Infrastructure

- Comprehensive grid modernization and infrastructure program to ensure safety, capacity and reliability.

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.

25% of Colstrip Unit 4 Acquisition

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 – indexed to hourly Mid-Columbia power 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 operating and maintenance and variable generation costs.
- **The transaction is conditioned upon MPSC Pre-Approval (filed in February 2020).**
- Entered a separate agreement (predicated on approval of generation transaction) to acquire an additional 95MW interest in the 500 kV Colstrip Transmission System for net book value at time of sale – expected to be $2.5 to $3.8 million.
- **Update to transaction**
  - April 2020, Talan Energy, LLC exercised it's right of first refusal to accept ½ the offer made by Puget Sound Energy to NWE
  - Talen's proportionate share of the 185 MW capacity is 92.5 MW
  - Talen's intention to execute a contract for their share would reduce our proposed transaction to 92.5MW
  - We expect to amend our application submitted to the MPSC to reflect Talen's exercise of the right of first refusal.

NWE currently has a 46% reserve margin deficit during peak periods. This exposes our customers to greater market exposure than any of our regional peers. In addition, planned retirements in the Pacific Northwest region exceeding 3,600 MW will compound our market exposure. Acquiring incremental interest in Colstrip Unit 4 will limit this impact and provide a bridge to future generation technologies.

Conclusion

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

Appendix

Segment Results
(First Quarter)

(Unaudited) (in thousands)

Three Months Ending March 31, 2020	**Electric**	**Gas**	**Other**	**Total**
Operating revenues	$ 244,625	$ 90,630	$ -	$ 335,255
Cost of sales	63,834	27,438	-	91,272
Gross margin [(1)]	180,791	63,192	-	243,983
Operating, general and administrative	58,888	22,301	(2,184)	79,005
Property and other taxes	34,736	9,761	2	44,499
Depreciation & depletion	37,176	8,089	-	45,265
Operating Income (loss)	49,991	23,041	2,182	75,214
Interest expense	(20,816)	(1,604)	(1,914)	(24,334)
Other (expense) income	613	95	(2,690)	(1,982)
Income tax (expense) benefit	656	(737)	1,887	1,806
Net income (loss)	$ 30,444	$ 20,795	$ (535)	$ 50,704

Three Months Ending March 31, 2019	**Electric**	**Gas**	**Other**	**Total**
Operating revenues	$ 273,037	$ 111,183	$ -	$ 384,220
Cost of sales	76,994	38,741	-	115,735
Gross margin [(1)]	196,043	72,442	-	268,485
Operating, general and administrative	57,783	21,008	2,301	81,092
Property and other taxes	35,047	9,740	2	44,789
Depreciation & depletion	38,051	7,533	-	45,584
Operating Income	65,162	34,161	(2,303)	97,020
Interest expense	(19,535)	(1,510)	(2,745)	(23,790)
Other income (expense)	(561)	(477)	2,187	1,149
Income tax (expense) benefit	(1,809)	1,079	(843)	(1,573)
Net income (loss)	$ 43,257	$ 33,253	$ (3,704)	$ 72,806

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

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Electric Segment
(First Quarter)

(dollars in millions)	2020	2019	Change	% Change
Retail revenues	$ 234.1	$ 238.7	$ (4.6)	(1.9) %
Regulatory amortization	(3.6)	19.1	(22.7)	(118.8)
Total retail revenue	230.5	257.8	(27.3)	(10.6)
Transmission	12.6	13.5	(0.9)	(6.7)
Wholesale and other	1.5	1.7	(0.2)	(11.8)
Total Revenues	**244.6**	**273.0**	**(28.4)**	**(10.4)**
Total Cost of Sales	**63.8**	**77.0**	**(13.2)**	**(17.1)**
Gross Margin [(1)]	**180.8**	**196.0**	**(15.2)**	**(7.8) %**

	Revenues		Megawatt Hours (MWH)		Avg. Customer Count	
	2020	2019	2020	2019	2020	2019
	(in thousands)					
Retail Electric						
Montana	$ 88,639	$ 94,096	734	807	305,969	302,158
South Dakota	18,918	18,015	180	196	50,642	50,670
Residential	**107,557**	**112,111**	**914**	**1,003**	**356,611**	**352,828**
Montana	86,005	86,710	791	816	69,691	68,263
South Dakota	26,495	23,160	291	284	12,735	12,770
Commercial	**112,500**	**109,870**	**1,082**	**1,100**	**82,426**	**81,033**
Industrial	8,759	11,581	675	701	78	77
Other	5,249	5,147	21	23	4,805	4,799
Total Retail Electric	**$ 234,065**	**$ 238,709**	**2,692**	**2,827**	**443,920**	**438,737**

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

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Appendix

Natural Gas Segment
(First Quarter)

(dollars in millions)	2020	2019	Change	% Change
Retail revenues	$ 87.4	$ 106.8	$ (19.4)	(18.2) %
Regulatory amortization	(6.4)	(5.3)	(1.1)	20.8
Total retail revenue	81.0	101.5	(20.5)	(20.2)
Wholesale and other	9.6	9.7	(0.1)	(1.0)
Total Revenues	**90.6**	**111.2**	**(20.6)**	**(18.5)**
Total Cost of Sales	**27.4**	**38.7**	**(11.3)**	**(29.2)**
Gross Margin (1)	**$ 63.2**	**$ 72.5**	**$ (9.3)**	**$ (12.8) %**

	Revenues (in thousands)		Dekatherms (Dkt)		Avg. Customer Count	
	2020	2019	2020	2019	2020	2019
Retail Gas						
Montana	$ 38,295	$ 45,638	5,637	6,875	176,607	174,470
South Dakota	10,271	13,042	1,584	1,747	40,589	40,302
Nebraska	7,687	9,640	1,295	1,497	37,622	37,634
Residential	**56,253**	**68,320**	**8,516**	**10,119**	**254,818**	**252,406**
Montana	19,154	23,017	2,923	3,599	24,464	24,199
South Dakota	7,294	9,207	1,592	1,605	6,917	6,841
Nebraska	4,061	5,300	889	1,050	5,000	4,922
Commercial	**30,509**	**37,524**	**5,404**	**6,254**	**36,381**	**35,962**
Industrial	340	482	53	77	233	241
Other	343	440	62	78	152	165
Total Retail Gas	**$ 87,445**	**$ 106,766**	**14,035**	**16,528**	**291,584**	**288,774**

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

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Appendix

Quarterly PCCAM Impacts

PCCAM Impact by Quarter

Pretax Millions

	Q1	Q2	Q3	Q4	Full Year
'17/'18 Tracker	Full year recorded in Q3		$3.3		$3.3
'18/'19 Tracker			($5.1)	$0.3	($4.8)
2018 (Expense) Benefit	**$0.0**	**$0.0**	**($1.8)**	**$0.3**	**($1.5)**
'18/'19 Tracker	($1.6)	$4.6			$3.0
'19/'20 Tracker			$0.1	($0.7)	($0.6)
2019 (Expense) Benefit	**($1.6)**	**$4.6**	**$0.1**	**($0.7)**	**$2.4**
'19/'20 Tracker	$0.1				
'20/'21 Tracker					
2019 (Expense) Benefit	**$0.1**				
Year-over-Year Variance	***$1.7***				

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.

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	2019
Reported GAAP Pre-Tax Income	**$ 108.3**	**$ 110.4**	**$ 181.2**	**$ 156.5**	**$ 176.1**	**$ 178.3**	**$ 182.2**
Non-GAAP Adjustments to Pre-Tax Income:							
Weather	(3.7)	(1.3)	13.2	15.2	(3.4)	(1.3)	(7.3)
Lost revenue recovery related to prior periods	(1.0)	-	-	(14.2)	-	-	-
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	-	-	-
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**	**$ 168.9**	**$ 174.9**

Tax Adjustments to Non-GAAP Items ($ Millio	2013	2014	2015	2016	2017	2018	2019
GAAP Net Income	**$ 94.0**	**$ 120.7**	**$ 151.2**	**$ 164.2**	**$ 162.7**	**$ 197.0**	**$ 202.1**
Non-GAAP Adjustments Taxed at 38.5%:							
Weather	(2.3)	(0.8)	8.1	9.3	(2.1)	(1.0)	(5.5)
Lost revenue recovery related to prior periods	(0.6)	-	-	(8.7)	-	-	-
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	-	-	-
Income tax adjustment	-	(18.5)	-	(12.5)	-	(12.8)	(22.8)
Unplanned Equity Dilution from Hydro transaction							
Non-GAAP Net Income	**$ 94.9**	**$ 105.5**	**$ 150.3**	**$ 159.8**	**$ 160.6**	**$ 170.1**	**$ 173.8**

Non-GAAP Diluted Earnings Per Share	2013	2014	2015	2016	2017	2018	2019
Diluted Average Shares (Millions)	*38.2*	*40.4*	*47.6*	*48.5*	*48.7*	*50.2*	*50.8*
Reported GAAP Diluted earnings per share	**$ 2.46**	**$ 2.99**	**$ 3.17**	**$ 3.39**	**$ 3.34**	**$ 3.92**	**$ 3.98**
Non-GAAP Adjustments:							
Weather	(0.05)	(0.02)	0.17	0.19	(0.04)	(0.02)	(0.11)
Lost revenue recovery related to prior periods	(0.02)	-	-	(0.18)	-	-	-
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	-	-	-
Income tax adjustment	-	(0.47)	-	(0.26)	-	(0.25)	(0.45)
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**	**$ 3.42**

These materials include financial information prepared in accordance with GAAP, as well as other financial measures, such as Gross Margin and Adjusted Diluted EPS, that are considered “non-GAAP financial measures.” Generally, a non-GAAP financial measure is a numerical measure of a company's financial performance, financial position or cash flows that exclude (or include) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Gross Margin (Revenues less Cost of Sales) is a non-GAAP financial measure due to the exclusion of depreciation from the measure. Gross Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs. Adjusted Diluted EPS is another non-GAAP measure. The Company believes the presentation of Adjusted Diluted EPS is more representative of our normal earnings than the GAAP EPS due to the exclusion (or inclusion) of certain impacts that are not reflective of ongoing earnings.

The presentation of these non-GAAP measures is intended to supplement investors' understanding of our financial performance and not to replace other GAAP measures as an indicator of actual operating performance. Our measures may not be comparable to other companies' similarly titled measures.

Delivering a **bright future**

NorthWestern Energy