



Helena, Montana

2021 - Full Year Earnings Webcast

February 14, 2022

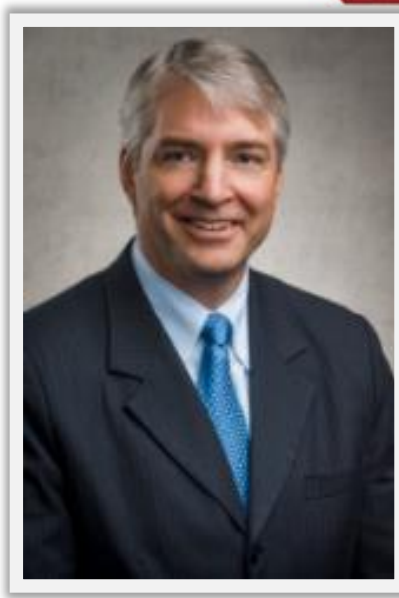
NorthWestern
Energy
Delivering a Bright Future



Presenting Today



Bob Rowe
CEO



Brian Bird
President & COO



Crystal Lail
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.



2021 and Recent Highlights

Solid Financial Results...

- **Net income of \$186.8 million or \$3.60 diluted earnings per share.**
 - Non-GAAP EPS of \$3.51 is within guidance range and a 4.8% increase over non-GAAP results in 2020.
- **Expected long-term EPS growth rate of 3% - 6%**

Record Capital Investment...

- **2021 capital investment of nearly \$435 million**
- **12% CAGR in capital investment over last 5 years (2017-2021)**
 - We anticipate making a Montana electric rate filing in 2022 to recover significant investment since last test year (2017).
- **Expected long-term rate base growth rate of 4% - 5%**

Balance Sheet Strength...

- **Committed to maintaining investment grade ratings**
- **November 2021 forward addresses equity needs into 2023**

Ongoing Dividend Commitment...

- **Quarterly dividend increased 1.6% to \$0.63 per share marking the 17th consecutive year of increases (a 5.6% CAGR since 2004).**





Summary Financial Results

(Full Year)

(in millions except per share amounts)

Twelve Months Ended December 31,

	2021	2020	Variance	% Variance
Operating Revenues	\$ 1,372.3	\$ 1,198.7	\$ 173.6	14.5%
Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion)	425.5	306.2	119.3	39.0%
Utility Margin ⁽¹⁾	946.8	892.5	54.3	6.1%
Operating Expenses				
Operating and maintenance	208.3	203.0	5.3	2.6%
Administrative and general	101.9	94.1	7.8	8.3%
Property and other taxes	173.4	179.5	(6.1)	(3.4%)
Depreciation and depletion	187.5	179.7	7.8	4.3%
Total Operating Expenses	671.1	656.3	14.8	2.3%
Operating Income	275.7	236.2	39.5	16.7%
Interest expense	(93.7)	(96.8)	3.1	3.2%
Other income, net	8.2	4.8	3.4	70.8%
Income Before Taxes	190.2	144.2	46.0	31.9%
Income tax (expense) benefit	(3.4)	11.0	(14.4)	(130.9%)
Net Income	\$ 186.8	\$ 155.2	\$ 31.6	20.4%
Effective Tax Rate	1.8%	(7.6%)	9.4%	
Diluted Average Shares Outstanding	51.9	50.7	1.2	2.3%
Diluted Earnings Per Share	\$ 3.60	\$ 3.06	\$ 0.54	17.6%
Dividends Paid per Common Share	\$ 2.48	\$ 2.40	\$ 0.08	3.3%



Utility Margin

(Full Year)

(dollars in millions)

Twelve Months Ended December 31,

	2021	2020	Variance	
Electric	\$ 757.4	\$ 704.2	\$ 53.2	7.6%
Natural Gas	189.4	188.3	1.1	0.6%
Total Utility Margin ⁽¹⁾	\$ 946.8	\$ 892.5	\$ 54.3	6.1%

Increase in utility margin due to the following factors:

\$ 25.1	Electric transmission (rates, demand and deferred revenue recognition)
17.1	Electric retail volumes
9.4	Prior period MPSC disallowance of supply costs
4.4	Electric QF liability adjustment
1.3	Natural gas retail volumes
(5.3)	Montana electric supply
(1.2)	Montana natural gas production rates (annual step down)
5.1	Other
\$ 55.9	Change in Utility Margin Impacting Net Income
\$ (1.6)	Change in Utility Margin <u>Offset Within Net Income</u>
\$ 54.3	Increase in Utility Margin ⁽¹⁾



We estimate overall unfavorable weather in 2021 resulted in a \$1.1 million pretax detriment as compared to normal and a \$8.7 million benefit as compared to 2020.

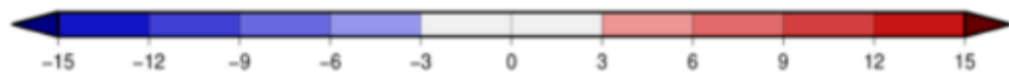
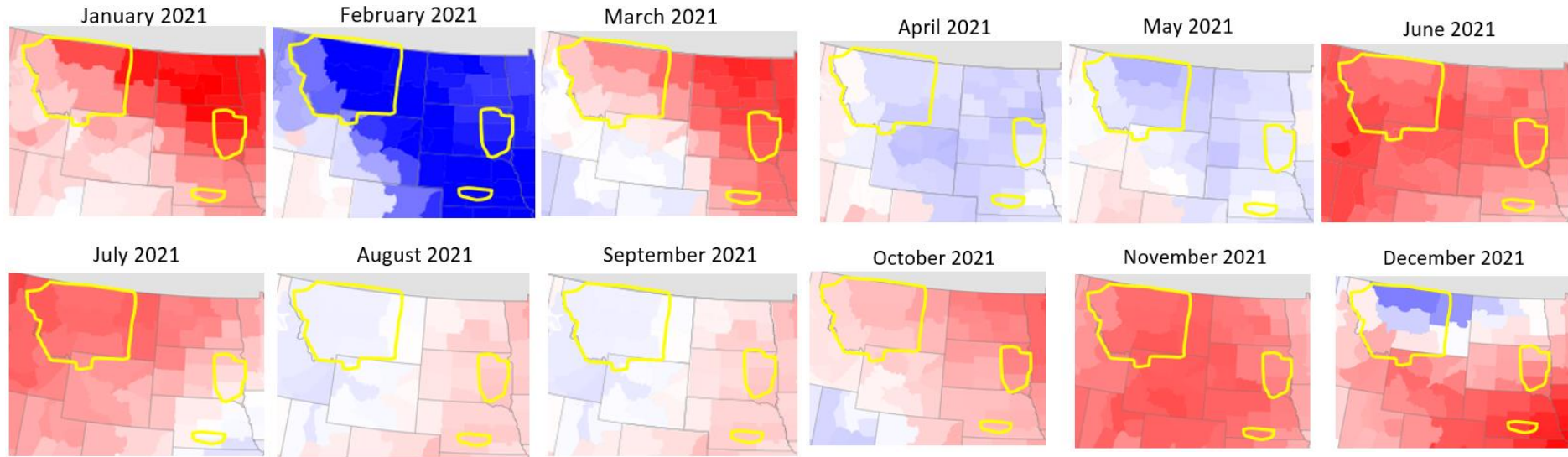
Heating Degree - Days

	YTD thru 12/31 Degree Days			YTD thru 12/31 as compared with:	
	2021	2020	Historic Average	2020	Historic Average
Montana	7,390	7,505	7,775	2% warmer	5% warmer
South Dakota	6,758	7,445	7,696	9% warmer	12% warmer
Nebraska	5,632	5,676	6,354	1% warmer	11% warmer

Cooling Degree-Days

	YTD thru 12/31 Degree Days			YTD thru 12/31 as compared with:	
	2021	2020	Historic Average	2020	Historic Average
Montana	635	398	417	60% warmer	52% warmer
South Dakota	1,034	879	733	18% warmer	41% warmer

Difference from Average Temperatures



Degrees Fahrenheit from Average



Operating Expenses

(Full Year)

(dollars in millions)

Twelve Months Ended December 31,

	2021	2020	Variance	
Operating & maintenance	\$ 208.3	\$ 203.0	\$ 5.3	2.6%
Administrative & general	101.9	94.1	\$13.1	7.8
Property and other taxes	173.4	179.5	(6.1)	(3.4%)
Depreciation and depletion	187.5	179.7	7.8	4.3%
Operating Expenses	\$ 671.1	\$ 656.3	\$ 14.8	2.3%

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

\$ 5.7	Labor and benefits
4.6	Generation maintenance
2.4	Technology implementation and maintenance
2.0	Litigation expense
1.6	Write off of preliminary construction costs
1.5	Insurance expenses
(4.5)	Uncollectible Accounts
1.7	Other miscellaneous
<u>\$ 15.0</u>	Change in OG&A Items Impacting Net Income
\$ (1.9)	Change in OG&A Items <u>Offset Within</u> Net Income
<u><u>\$ 13.1</u></u>	Increase in Operating, General & Administrative Expenses



Operating to Net Income

(Full Year)

(dollars in millions)

Twelve Months Ended December 31,

	2021	2020	Variance	
Operating Income	\$ 275.7	\$ 236.2	\$ 39.5	16.7%
Interest expense	(93.7)	(96.8)	3.1	3.2%
Other income, net	8.2	4.8	3.4	70.8%
Income Before Taxes	190.2	144.2	46.0	31.9%
Income tax (expense) / benefit	(3.4)	11.0	(14.4)	(130.9%)
Net Income	\$ 186.8	\$ 155.2	\$ 31.6	20.4%

\$3.1 million decrease in interest expenses was primarily due to higher capitalization of AFUDC and lower FERC deferrals, partly offset by higher borrowings.

\$3.4 million increase in other income was primarily due to higher capitalization of AFUDC and higher interest income, partly offset by \$2.1 million in items offset in operating expenses. Items offset in operating expenses include a \$6.3 million increase in pension expenses and a \$4.2 million increase in the value of deferred shares held in trust for non-employee directors compensation.

\$14.4 million increase in income tax expense was primarily due higher pre-tax income and lower flow-through repairs deductions in 2021.



Cash Flow

(Full Year)

(dollars in millions)	Twelve Months Ending December 31,	
	2021	2020
Operating Activities		
Net Income	\$ 186.8	\$ 155.2
Non-Cash adjustments to net income	187.5	174.3
Changes in working capital	(120.6)	48.1
Other non-current assets & liabilities	(33.7)	(25.4)
Cash provided by Operating Activities	220.0	352.1
Investing Activities		
PP&E additions	(434.3)	(405.8)
Investment in equity securities	(1.5)	(0.0)
Cash used in Investing Activities	(435.8)	(405.8)
Financing Activities		
Proceeds from issuance of common stock, net	196.2	-
Issuance of long-term debt, net	99.9	150.0
(Repayments) issuance of short-term borrowings	(100.0)	100.0
Line of credit borrowings (repayments), net	151.0	(67.0)
Dividends on common stock	(128.5)	(120.4)
Financing costs	(0.9)	(2.6)
Other	(0.2)	(1.3)
Cash Provided by Financing Activities	217.5	58.7
Increase in Cash, Cash Equiv. & Restricted Cash	1.7	5.0
Beginning Cash, Cash Equiv. & Restricted Cash	17.1	12.1
Ending Cash, Cash Equiv. & Restricted Cash	\$ 18.8	\$ 17.1
<hr/>		
Cash provided by Operating Activities	\$ 220.0	\$ 352.1
Less: Changes in working capital	(120.6)	48.1
Equals: Funds from Operations	\$ 340.6	\$ 304.1

Cash from Operating Activities decreased by \$132 million primarily due to:

- \$122M net increase in under collection of energy supply costs, which includes costs related to the February 2021 prolonged cold weather event (\$80M electric and \$42M natural gas);
- A refund of approximately \$20.5 million to our FERC regulated customers and approximately \$6.1 to our Montana electric retail customers; and

These reductions were offset in part by an improvement in net income.

Funds from Operations increased by \$36.5 million.

Non-GAAP Earnings

(Full Year)

(in millions)

	GAAP	Non GAAP				Non-GAAP Variance		Non GAAP	GAAP				
	Twelve Months Ended Dec. 31, 2021	Unfavorable Weather	(1) Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	Non-employee Deferred Compensation	QF Liability - adjustment associated with one-time clarification of contract term			Twelve Months Ended Dec. 31, 2021	Twelve Months Ended Dec. 31, 2020	Disallowance of prior period supply costs	Non-employee Deferred Compensation	(1) Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	
						\$	%						
Revenues	\$1,372.3	1.1	-	-	(6.9)	\$1,366.5	\$148.6 12.2%	\$1,217.9	9.4	-	-	9.8	\$1,198.7
Fuel, supply & dir. tx	425.5	-	-	-	-	425.5	119.3 39.0%	306.2	-	-	-	-	306.2
Utility Margin ⁽²⁾	946.8	1.1	-	-	(6.9)	941.0	29.3 3.2%	911.7	9.4	-	-	9.8	892.5
Op. Expenses													
Op. & maintenance	208.3	-	6.9	-	-	215.2	11.6 5.7%	203.6	-	-	0.6	-	203.0
Admin. & general	101.9	-	-	(1.3)	-	100.6	3.6 3.7%	97.0	-	2.9	-	-	94.1
Prop. & other taxes	173.4	-	-	-	-	173.4	(6.1) -3.4%	179.5	-	-	-	-	179.5
Depreciation	187.5	-	-	-	-	187.5	7.8 4.3%	179.7	-	-	-	-	179.7
Total Op. Exp.	671.1	-	6.9	(1.3)	-	676.7	16.9 2.6%	659.8	-	2.9	0.6	-	656.3
Op. Income	275.7	1.1	(6.9)	1.3	(6.9)	264.3	12.4 4.9%	251.9	9.4	(2.9)	(0.6)	9.8	236.2
Interest expense	(93.7)	-	-	-	-	(93.7)	2.6 2.7%	(96.3)	0.5	-	-	-	(96.8)
Other Inc. (Exp.), net	8.2	-	6.9	(1.3)	-	13.8	5.5 66.3%	8.3	-	2.9	0.6	-	4.8
Pretax Income	190.2	1.1	-	-	(6.9)	184.4	20.5 12.5%	163.9	9.9	-	-	9.8	144.2
Income tax Ben / (Exp)	(3.4)	(0.3)	-	-	1.7	(2.0)	(8.0) -133.3%	6.0	(2.5)	-	-	(2.5)	11.0
Net Income	\$186.8	0.8	-	-	(5.2)	\$182.4	\$12.5 7.4%	\$169.9	7.4	-	-	7.3	\$155.2
<i>ETP</i>	18%	25.3%	-	-	25.3%	11%		-3.7%				25.3%	-7.6%
Diluted Shares	51.9					51.9	1.2 2.4%	50.7					50.7
Diluted EPS	\$3.60	0.01	-	-	(0.10)	\$3.51	\$0.16 4.8%	\$3.35	0.15	-	-	0.14	\$3.06

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).

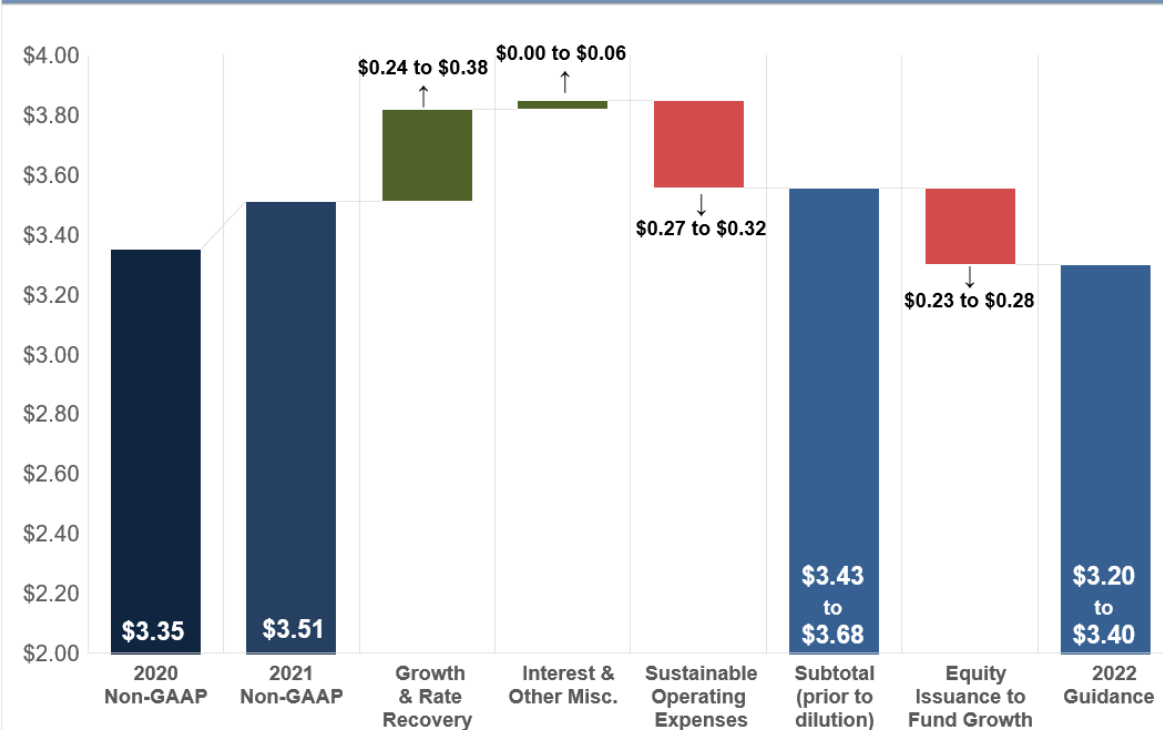
(2) Utility Margin is a non-GAAP Measure. See the slide titled "Explaining Utility Margin" for additional disclosure.



2022 Earnings Bridge

Guiding down to \$3.20 to \$3.40 primarily due to equity needed to support increased capital investment.

Earnings Per Share Bridge
2021 Non-GAAP to 2022



- An increased, yet more sustainable, level of operating expenses, along with dilution from equity financing of capital investment, is expected to be partially offset by organic growth and rate recovery*.
- Dividend payout ratio is expected to exceed 60%-70% targeted range for 2022.
- We continue to target a long-term earnings per share growth rate of 3%-6% off a 2020 base year.

* Rate recovery primarily a result of FERC formula rates and property tax trackers.

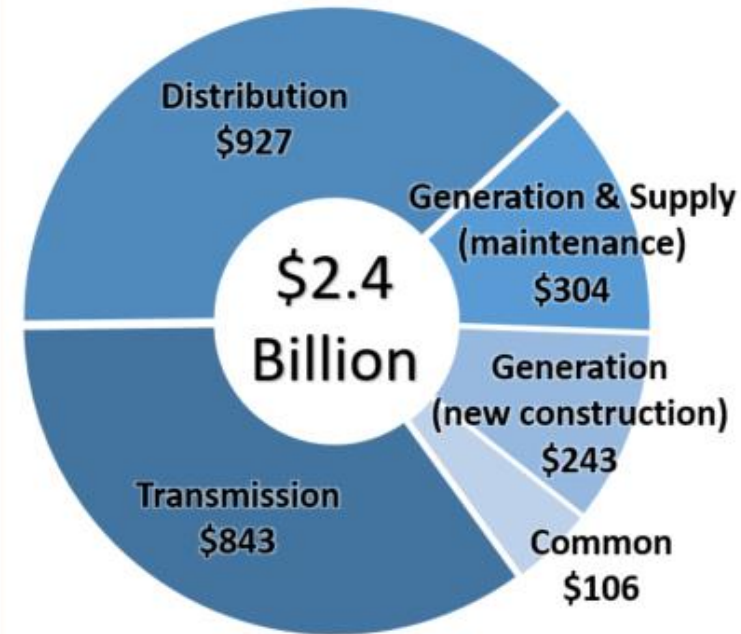
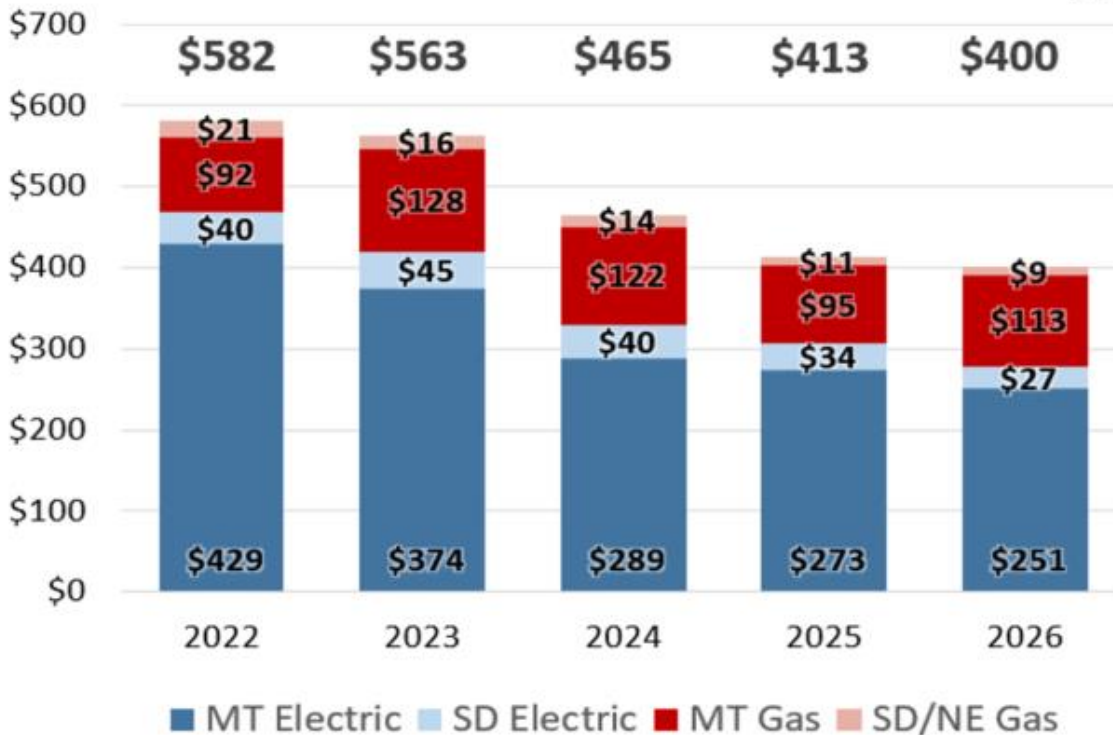
Note: See "Detailed 2022 Earnings Bridge" slide in the Appendix for additional information.

NorthWestern affirms 2022 earnings guidance range of \$3.20 to \$3.40 per diluted share based upon, but not limited to, the following major assumptions and expectations:

- Normal weather in our electric and natural gas service territories;
- Continued delay, or elimination, of fixed cost recovery mechanism for Montana electric;
- A consolidated income tax rate of approximately 0% to 3% of pre-tax income; and
- Diluted shares outstanding of approximately 55.6 million to 56.2 million.

Capital Investment Forecast and Funding

\$ Millions

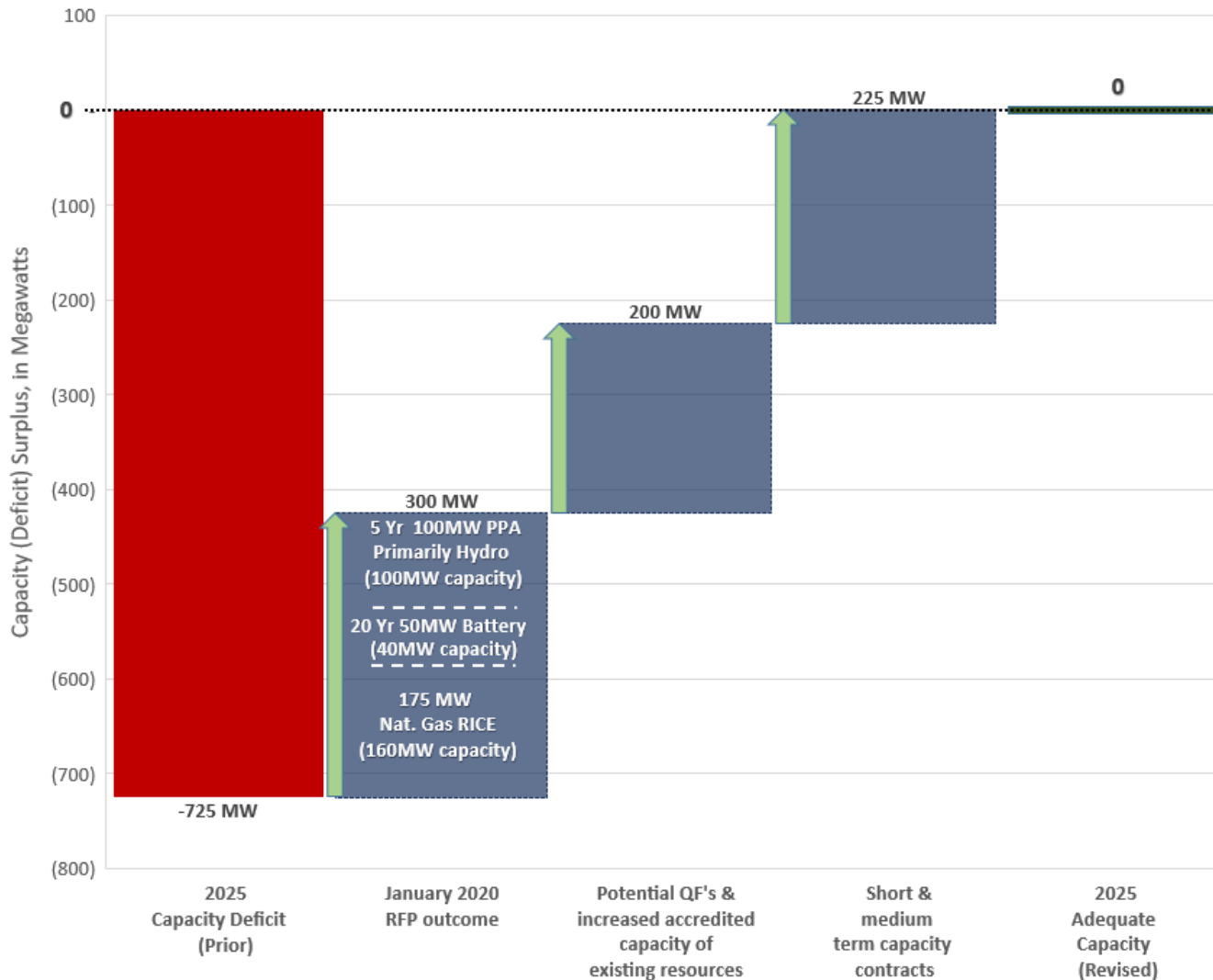


\$2.4 billion of low-risk capital investment forecasted over the next five years to address grid modernization and renewable energy integration. This sustainable level of capex is **expected to drive annualized rate base growth of approximately 4%-5%**.

We expect to finance this capital with a combination of cash flows from operations, first mortgage bonds and equity issuances under existing forward contracts. Financing plans are subject to change and balance our intention to protect our current credit ratings.

(targeting a 14%-15% FFO to Debt ratio)

De-risking the Montana Capacity Deficit



NorthWestern has made significant progress to de-risk the capacity deficit between now and 2025.

These near term capacity solutions allow time for clarity on Colstrip arbitration, further development in the western markets, and ongoing technological advances.

We expect to submit an updated integrated resource plan by the end of 2022 or early 2023*, followed by an all-source competitive solicitation request for capacity available in 2026.

** Due to the significant impact of our ownership in Colstrip Unit 4 to the capacity available in our portfolio, the outcome in the arbitration amongst the co-owners may affect the timing of the submission of this plan.*



Conclusion

Pure
Electric &
Gas Utility

Solid Utility
Foundation

Best
Practices
Corporate
Governance

Attractive
Future
Growth
Prospects

Strong
Earnings &
Cash Flows



	<u>Low</u>		<u>High</u>
2021 Non-GAAP Diluted EPS	\$3.51		\$3.51
2022 Earnings Drivers (after-tax and per share)			
Utility Margin	0.24	-	0.38
OG&A expense	(0.06)	-	(0.04)
Property & other tax expense	(0.11)	-	(0.10)
Depreciation expense	(0.15)	-	(0.13)
Interest expense	(0.02)	-	-
Other income	0.03	-	0.06
Incremental tax impact*	(0.01)	-	-
Subtotal of anticipated changes	(0.08)	-	0.17
2022 EPS guidance <u>prior</u> to equity dilution	\$3.43		\$3.68
Dilution from higher outstanding shares	(0.23)	-	(0.28)
EPS guidance <u>after</u> potential equity dilution	\$3.20		\$3.40

NorthWestern affirms its 2022 earnings guidance range of \$3.20 - \$3.40 per diluted share.

Cash Tax Outlook

We anticipate production tax and other credits to largely offset federal cash tax obligations into 2023.

Effective Tax Rate Outlook

Assuming no significant change in current tax legislation, we anticipate our effective tax rate to gradually increase to approximately 15% by 2026.

* 2022 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 2021 earnings to 2022 guidance.

Assumptions included in the 2022 Guidance includes, but not limited to, the following major assumptions:

- Normal weather in our electric and natural gas service territories;
- Continued delay, or elimination, of the electric fixed cost recovery mechanism in Montana;
- A consolidated income tax rate of approximately 0 to +3.0% of pre-tax income; and
- Diluted average shares outstanding of approximately 55.6 million to 56.2 million.

Appendix Rate Base & Authorized Return Summary

As of 12/31/2021

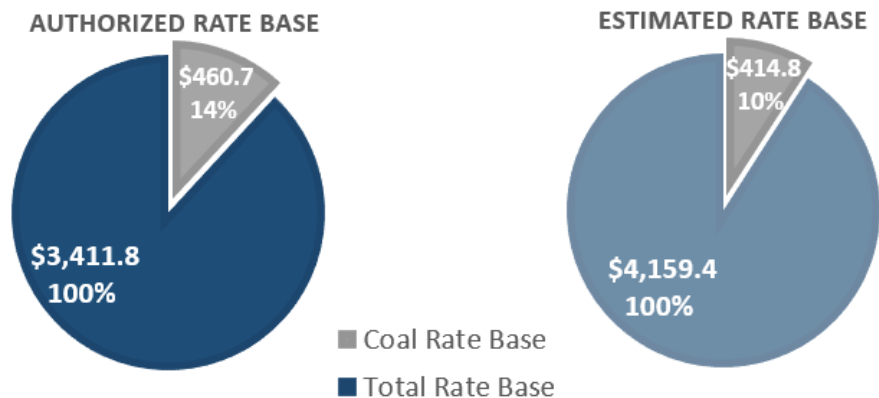
Jurisdiction and Service	Implementation Date	Authorized Rate Base (millions)	Estimated Rate Base (millions)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Equity Level
Montana electric delivery and production (1)	April 2019	\$ 2,030.1	\$ 2,596.5	6.92%	9.65%	49.38%
Montana - Colstrip Unit 4	April 2019	\$ 304.0	\$ 270.1	8.25%	10.00%	50.00%
Montana natural gas delivery and production (2)	September 2017	\$ 430.2	\$ 536.7	6.96%	9.55%	46.79%
Total Montana		\$ 2,764.3	\$ 3,403.3			
South Dakota electric (3)	December 2015	\$ 557.3	\$ 635.8	7.24%	n/a	n/a
South Dakota natural gas (3)	December 2011	\$ 65.9	\$ 80.8	7.80%	n/a	n/a
Total South Dakota		\$ 623.2	\$ 716.6			
Nebraska natural gas (3)	December 2007	\$ 24.3	\$ 39.5	8.49%	10.40%	n/a
Total NorthWestern Energy		\$ 3,411.8	\$ 4,159.4			

(1) The revenue requirement associated with the FERC regulated portion of Montana electric transmission and ancillary services are included as revenue credits to our MPSC jurisdictional customers. Therefore, we do not separately reflect FERC authorized rate base or authorized returns.

(2) The Montana gas revenue requirement includes a step down which approximates annual depletion of our natural gas production assets included in rate base.

(3) For those items marked as "n/a," the respective settlement and/or order was not specific as to these terms.

Coal Generation Rate Base as a percentage of Total Rate Base



Revenue from coal generation is not easily identifiable due to the use of bundled rates in South Dakota and other rate design and accounting considerations. However, NorthWestern is a fully regulated utility company for which rate base is the primary driver for earnings. The data to the left illustrates that NorthWestern only derives approximately 10 -14% of earnings from its jointly owned coal generation rate base.

Quarterly PCCAM Impacts

	Q1	Q2	Q3	Q4	Full Year
'17/'18 Tracker	First 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)
					<i>Full Year</i>
'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
					<i>Full Year</i>
CU4 Disallowance ('18/'19 Tracker)				(\$9.4)	(\$9.4)
'19/'20 Tracker	(\$0.1)	\$0.2			\$0.1
Recovery of modeling costs	\$0.7				\$0.7
'20/'21 Tracker			(\$0.6)	(\$0.3)	(\$0.9)
2020 (Expense) Benefit	\$0.6	\$0.2	(\$0.6)	(\$0.3)	(\$0.1)
					<i>Full Year</i>
'20/'21 Tracker	(\$0.8)	(\$0.6)			(\$1.4)
'21/'22 Tracker			(\$2.7)	(\$1.3)	(\$4.0)
2021 (Expense) Benefit	(\$0.8)	(\$0.6)	(\$2.7)	(\$1.3)	(\$5.4)
Year-over-Year Variance	(\$1.4)	(\$0.8)	(\$2.1)	(\$1.0)	(\$5.3)

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

	Annual actual contract price escalation	Annual adjustment for actual output and pricing	Adjustment associated with the one-time clarification in contract term	Total
Nov-12	(Arbitration) \$47.9 Non-GAAP Adj.	0.0	0.0	\$47.9
Jun-13	\$0.0	1.0	0.0	\$1.0
Jun-14	\$0.0	0.0	0.0	\$0.0
Jun-15	(\$6.1) Non-GAAP Adj.	1.8	0.0	(\$4.3)
Jun-16	\$0.0	1.8	0.0	\$1.8
Jun-17	\$0.0	2.1	0.0	\$2.1
Jun-18	\$17.5 Non-GAAP Adj.	9.7	0.0	\$27.2
Jun-19	\$3.3	3.1	0.0	\$6.4
Jun-20	\$2.2	0.9	0.0	\$3.1
Jun-21	(\$2.1)	2.6	8.7 Non-GAAP Adj.	\$9.2
Sep-21	\$0.0	0.0	(1.3) Non-GAAP Adj.	(\$1.3)
Dec-21	\$0.0	0.0	(0.5) Non-GAAP Adj.	(\$0.5)

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.

Year-over-Year Better (Worse)

Jun-13	(\$47.9)	1.0	0.0	(\$46.9)
Jun-14	\$0.0	(1.0)	0.0	(\$1.0)
Jun-15	(\$6.1)	1.8	0.0	(\$4.3)
Jun-16	\$6.1	0.0	0.0	\$6.1
Jun-17	\$0.0	0.3	0.0	\$0.3
Jun-18	\$17.5	7.6	0.0	\$25.1
Jun-19	(\$14.2)	(6.6)	0.0	(\$20.8)
Jun-20	(\$1.1)	(2.2)	0.0	(\$3.3)
Jun-21	(\$4.3)	1.7	8.7	\$6.1
Sep-21	\$0.0	0.0	(1.3)	(\$1.3)
Dec-21	\$0.0	0.0	0.8	\$0.8

Additional materials for twelve month results

(in millions)

	Twelve Months Ended December 31,				
	2021		2020		Variance
Income Before Income Taxes	\$190.2		\$144.2		\$46.0
Income tax calculated at federal statutory rate	40.0	21.0%	30.3	21.0%	9.7
<u>Permanent or flow through adjustments:</u>					
State income, net of federal provisions	0.4	0.1%	(1.5)	(1.1%)	1.9
Flow - through repairs deductions	(21.9)	(11.5%)	(23.8)	(16.5%)	1.9
Production tax credits	(11.5)	(6.1%)	(13.1)	(9.1%)	1.6
Plant and depreciation of flow-through items	(0.9)	(0.6%)	0.1	0.1%	(1.0)
Amortization of excess deferred income tax (DIT)	(0.6)	(0.3%)	(1.0)	(0.7%)	0.4
Prior year permanent return to accrual adjustments	-	(0%)	(1.7)	(1.2%)	1.7
Other, net	(2.1)	(0.8%)	(0.3)	(0.1%)	(1.8)
Sub-total	(36.6)	(19.2%)	(41.3)	(28.6%)	4.7
Income Tax Expense / (Benefit)	\$ 3.4	1.8%	\$ (11.0)	(7.6%)	\$ 14.4

(dollars in millions)	As of December 31, 2021	As of December 31, 2020
Cash and cash equivalents	\$ 2.8	\$ 5.8
Restricted cash	15.9	11.3
Accounts receivable, net	198.7	168.2
Inventories	80.6	61.0
Other current assets	139.7	62.3
Goodwill	357.6	357.6
PP&E and other non-current assets	5,985.1	5,723.2
Total Assets	\$ 6,780.4	\$ 6,389.4
Payables	115.2	100.4
Current Maturities - debt and leases	2.9	102.7
Other current liabilities	261.5	263.4
Long-term debt & capital leases	2,553.4	2,330.0
Other non-current liabilities	1,507.7	1,513.9
Shareholders' equity	2,339.7	2,079.1
Total Liabilities and Equity	\$ 6,780.4	\$ 6,389.4
Capitalization:		
Short-Term Debt & Short-Term Finance Leases	2.9	102.7
Long-Term Debt & Long-Term Finance Leases	2,553.4	2,330.0
Less: Basin Creek Finance Lease	(14.8)	(17.4)
Less: New Market Tax Credit Financing Debt	-	(27.0)
Shareholders' Equity	2,339.7	2,079.1
Total Capitalization	\$ 4,881.2	\$ 4,467.4
Ratio of Debt to Total Capitalization	52.1%	53.5%

Debt to Total Capitalization down from last year and remains within our targeted 50% - 55% range.

(Unaudited) (in thousands)

Twelve Months Ending December 31, 2021	Electric	Gas	Other	Total
Operating revenues	\$ 1,052,182	\$ 320,134	\$ -	\$ 1,372,316
Fuel, purchased supply & direct transmission ⁽¹⁾	294,820	130,728	-	425,548
Utility margin	757,362	189,406	-	946,768
Operating and maintenance	156,383	51,920	-	208,303
Administrative and general	72,641	27,550	1,682	101,873
Property and other taxes	134,910	38,526	8	173,444
Depreciation & depletion	154,626	32,841	-	187,467
Operating Income (loss)	238,802	38,569	(1,690)	275,681
Interest expense	(82,678)	(6,083)	(4,913)	(93,674)
Other income	3,676	3,046	1,530	8,252
Income tax (expense) benefit	(2,512)	(2,640)	1,733	(3,419)
Net income (loss)	\$ 157,288	\$ 32,892	\$ (3,340)	\$ 186,840

Twelve Months Ending December 31, 2020	Electric	Gas	Other	Total
Operating revenues	\$ 940,815	\$ 257,855	\$ -	\$ 1,198,670
Fuel, purchased supply & direct transmission ⁽¹⁾	236,581	69,609	-	306,190
Utility margin	704,234	188,246	-	892,480
Operating and maintenance	149,220	53,771	-	202,991
Administrative and general	69,602	26,311	(1,789)	94,124
Property and other taxes	140,621	38,887	9	179,517
Depreciation & depletion	147,968	31,676	-	179,644
Operating income	196,823	37,601	1,780	236,204
Interest expense	(85,487)	(6,341)	(4,984)	(96,812)
Other income (expense)	4,867	2,704	(2,718)	4,853
Income tax benefit (expense)	11,282	(2,426)	2,114	10,970
Net income (loss)	\$ 127,485	\$ 31,538	\$ (3,808)	\$ 155,215

* Direct Transmission expense excludes depreciation and depletion

Twelve Months Ended December 31,

	Revenues		Change		Megawatt Hours (MWH)		Average Customer Counts	
	2021	2020	\$	%	2021	2020	2021	2020
	(in thousands)							
Montana	\$ 334,581	\$ 320,792	\$ 13,789	4.3 %	2,729	2,635	311,922	307,390
South Dakota	65,429	66,603	(1,174)	(1.8) %	571	583	50,805	50,646
Residential	400,010	387,395	12,615	3.3 %	3,300	3,218	362,727	358,036
Montana	356,669	338,269	18,400	5.4 %	3,176	3,036	71,605	70,145
South Dakota	102,475	101,095	1,380	1.4 %	1,092	1,073	12,795	12,802
Commercial	459,144	439,364	19,780	4.5 %	4,268	4,109	84,400	82,947
Industrial	37,866	36,819	1,047	2.8 %	2,448	2,615	77	78
Other	32,084	31,833	251	0.8 %	175	173	6,333	6,333
Total Retail Electric	\$ 929,104	\$ 895,411	\$ 33,693	3.8 %	10,191	10,115	453,537	447,394
Regulatory amortization	34,395	(11,455)	45,850	(400.3) %				
Transmission	82,628	51,539	31,089	60.3 %				
Wholesale and other	6,055	5,320	735	13.8 %				
Total Revenues	\$ 1,052,182	\$ 940,815	\$ 111,367	11.8 %				
Total fuel, purchased supply & direct transmission expense*	294,820	236,581	58,239	24.6 %				
Utility Margin ⁽¹⁾	\$ 757,362	\$ 704,234	\$ 53,128	7.5 %				

* Direct transmission expense excludes depreciation and depletion

Twelve Months Ended December 31,

	Revenues		Change		Dekatherms (Dkt)		Average Customer Counts	
	2021	2020	\$	%	2021	2020	2021	2020
	(in thousands)							
Montana	\$ 126,043	\$ 103,457	\$ 22,586	21.8 %	13,885	13,893	179,637	177,335
South Dakota	26,596	21,547	5,049	23.4 %	2,834	2,993	41,079	40,612
Nebraska	20,964	16,861	4,103	24.3 %	2,480	2,561	37,603	37,576
Residential	173,603	141,865	31,738	22.4 %	19,199	19,447	258,319	255,523
Montana	64,681	51,349	13,332	26.0 %	7,446	7,166	24,927	24,497
South Dakota	19,131	14,316	4,815	33.6 %	2,744	3,003	6,896	6,895
Nebraska	11,371	8,066	3,305	41.0 %	1,755	1,784	4,963	4,974
Commercial	95,183	73,731	21,452	29.1 %	11,945	11,953	36,786	36,366
Industrial	1,134	840	294	35.0 %	135	122	229	231
Other	1,417	923	494	53.5 %	187	152	166	153
Total Retail Electric	\$ 271,337	\$ 217,359	\$ 53,978	24.8 %	31,466	31,674	295,500	292,273
Regulatory amortization	12,048	5,043	7,005	138.9 %				
Wholesale and other	36,749	35,453	1,296	3.7 %				
Total Revenues	\$ 320,134	\$ 257,855	\$ 62,279	24.2 %				
Total fuel, purchased supply & direct transmission expense*	130,728	69,609	61,119	87.8 %				
Utility Margin⁽¹⁾	\$ 189,406	\$ 188,246	\$ 1,160	0.6 %				

* Direct transmission expense excludes depreciation and depletion

Additional materials for three month results

(in millions except per share amounts)

	Three Months Ended December 31,			
	2021	2020	Variance	% Variance
Operating Revenues	\$ 347.3	\$ 313.6	\$ 33.7	10.7%
Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion)	114.4	86.0	28.4	33.0%
Utility Margin	232.9	227.6	5.3	2.3%
Operating Expenses				
Operating and maintenance	49.0	55.6	(6.6)	(11.9%)
Administrative and general	22.3	17.5	4.8	27.4%
Property and other taxes	35.0	42.7	(7.7)	(18.0%)
Depreciation and depletion	46.6	45.3	1.3	2.9%
Total Operating Expenses	152.9	161.1	(8.2)	(5.1%)
Operating Income	80.0	66.5	13.5	20.3%
Interest expense	(23.4)	(24.5)	1.1	4.5%
Other (loss) income, net	(5.7)	5.8	(11.5)	198.3%
Income Before Taxes	50.9	47.8	3.1	6.5%
Income tax expense	0.4	5.8	(5.4)	(93.1%)
Net Income	\$ 51.3	\$ 53.6	\$ (2.3)	(4.3%)
Effective Tax Rate	(0.8%)	(12.1%)	11.3%	
Diluted Shares Outstanding	53.6	50.7	2.9	5.7%
Diluted Earnings Per Share	\$0.96	\$ 1.06	\$ (0.10)	(9.4%)
Dividends Paid per Common Share	\$ 0.62	\$ 0.60	\$ 0.02	3.3%

(dollars in millions)

Three Months Ended December 31,

	2021	2020	Variance ⁽¹⁾	
Electric	\$ 177.2	\$ 170.8	\$ 6.4	3.7%
Natural Gas	55.7	56.8	(1.1)	(1.9)%
Total Utility Margin	\$ 232.9	\$ 227.6	\$ 5.3	2.3%

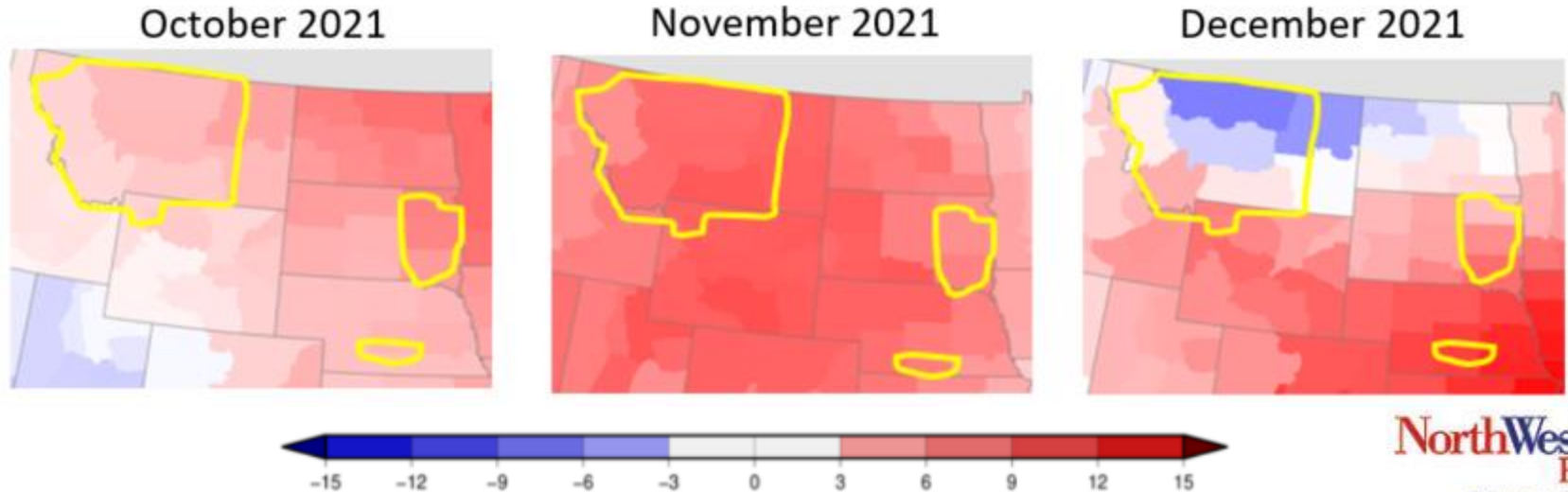
Increase in utility margin due to the following factors:

\$ 9.4	Disallowance of prior period supply costs
3.8	Electric transmission
(1.0)	Electric retail volumes
(1.0)	Montana electric supply cost recovery
(0.4)	Electric QF liability adjustment
(0.4)	Natural gas retail volumes
0.8	Other
\$ 10.8	Change in Utility Margin Impacting Net Income
\$ (5.5)	Change in Utility Margin <u>Offset Within</u> Net Income
<u>\$ 5.3</u>	Increase in Utility Margin

Heating Degree - Days	Qtr 4 Degree Days			Q4 2021 as compared with:	
	2021	2020	Historic Average	2020	Historic Average
Montana	2,623	2,798	2,918	6% warmer	10% warmer
South Dakota	1,570	1,881	2,048	17% warmer	23% warmer
Nebraska	1,200	1,426	1,708	16% warmer	30% warmer

We estimate unfavorable weather for the 4th quarter 2021 has contributed approximately \$5.2M pretax detriment as compared to normal and \$0.5M pretax benefit as compared to the same period in 2020.

Difference from Average Temperatures



(dollars in millions)

Three Months Ended December 31,

	2021	2020	Variance	
Operating & maintenance	\$ 49.0	\$ 55.6	\$ (6.6)	(11.9%)
Administrative & general	22.3	17.5	\$ (1.8)	27.4%
Property and other taxes	35.1	42.7	(7.6)	(17.8%)
Depreciation and depletion	46.6	45.3	1.3	2.9%
Operating Expenses	\$ 152.9	\$ 161.1	\$ (8.2)	(5.1%)

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

\$ 2.6	Uncollectible accounts
2.0	Litigation expense
1.6	Generation maintenance
1.5	Insurance expense
0.9	Labor & benefits
0.4	Write off of preliminary construction costs
1.4	Other
<u>\$ 10.4</u>	Change in OG&A Items Impacting Net Income
\$ (12.2)	Change in OG&A Items <u>Offset Within</u> Net Income
<u><u>\$ (1.8)</u></u>	Decrease in Operating, General & Administrative Expenses

Operating to Net Income

(Three Months Ended December 31)

(dollars in millions)

Three Months Ended December 31,

	2021	2020	Variance	
Operating Income	\$ 80.0	\$ 66.6	\$ 13.5	20.3%
Interest Expense	(23.4)	(24.5)	1.1	4.5%
Other (Expense) Income, net	(5.7)	5.8	(11.5)	(198.3%)
Income Before Taxes	50.9	47.8	3.1	6.5%
Income Tax Benefit	0.4	5.8	(5.4)	(93.1%)
Net Income	\$ 51.3	\$ 53.6	\$ (2.3)	(4.3%)

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

\$11.5 million increase in other expense was due to a \$12.1 million decrease in items offset in general and administrative expense, with no impact to net income. This decrease was partly offset by higher capitalization of AFUDC.

\$5.4 million increase in income tax expense was primarily due to higher pre-tax income in 2021 as well as lower flow-through repairs deductions and lower production tax credits.

Income Tax Reconciliation



(Three Months Ended December 31)

(in millions)

	Three Months Ended December 31,				
	2021		2020		Variance
Income Before Income Taxes	\$50.9		\$47.8		\$3.1
Income tax calculated at federal statutory rate	10.7	21.0%	10.0	21.0%	0.7
<u>Permanent or flow through adjustments:</u>					
State income, net of federal provisions	(0.3)	(0.5%)	(1.6)	(3.3%)	1.3
Flow - through repairs deductions	(6.3)	(12.5%)	(8.9)	(18.7%)	2.6
Production tax credits	(3.1)	(6.0%)	(5.5)	(11.6%)	2.4
Plant and depreciation of flow-through items	(0.1)	(0.2%)	(0.2)	(0.4%)	0.1
Amortization of excess deferred income taxes	-	-	(0.3)	(0.6%)	0.3
Share-based compensation	0.3	0.6%	0.6	1.3%	(0.3)
Prior year permanent return to accrual adjustments	(0.4)	(0.8%)	-	-	(0.4)
Other, net	(1.3)	(2.7%)	0.1	0.1%	(1.4)
Sub-total	(11.1)	(22.1%)	(15.8)	(33.2%)	4.7
Income Tax Benefit	\$ (0.4)		\$ (5.8)		\$ 5.4

Adjusted Non-GAAP Earnings

(Three Months Ended December 31)

						Non-GAAP Variance							
	GAAP	Non-GAAP			GAAP	Non-GAAP Variance		Non-GAAP			GAAP		
	Three Months Ended Dec. 31, 2021	Unfavorable Weather	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) ⁽¹⁾	Non-employee Deferred Compensation	QF Liability - adjustment associated with one-time clarification of contract	Three Months Ended Dec. 31, 2021		Three Months Ended Dec. 31, 2020	Disallowance of prior period supply costs	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) ⁽¹⁾	Unfavorable Weather	Three Months Ended Dec. 31, 2020
							\$ %						
<i>(in millions)</i>													
Revenues	\$347.3	5.2			0.5	\$353.0	\$24.3 7.4%	\$328.7	9.4			5.7	\$313.6
Fuel, supply & dir. tx	114.4					114.4	28.4 33.0%	86.0					86.0
Utility Margin ⁽²⁾	232.9	5.2	-	-	0.5	238.6	(4.1) -1.7%	242.7	9.4	-	-	5.7	227.6
Op. Expenses													
Op. & maintenance	49.0		10.1			59.1	5.6 10.5%	53.5		(2.1)			55.6
Admin. & general	22.3			0.1		22.4	4.7 26.6%	17.7			0.2		17.5
Prop. & other taxes	35.0					35.0	(7.7) -18.0%	42.7					42.7
Depreciation	46.6					46.6	1.3 2.9%	45.3					45.3
Total Op. Exp.	152.9	-	10.1	0.1	-	163.1	3.9 2.4%	159.2	-	(2.1)	0.2	-	161.1
Op. Income	80.0	5.2	(10.1)	(0.1)	0.5	75.5	(8.0) -9.6%	83.5	9.4	2.1	(0.2)	5.7	66.5
Interest expense	(23.4)					(23.4)	0.6 2.5%	(24.0)	0.5				(24.5)
Other (Exp.) Inc., net	(5.7)		10.1	0.1		4.5	0.6 15.4%	3.9		(2.1)	0.2		5.8
Pretax Income	50.9	5.2	-	-	0.5	56.6	(6.8) -10.7%	63.4	9.9	-	-	5.7	47.8
Income tax (Exp) / Ben	0.4	(1.3)	-	-	(0.1)	(1.0)	(2.9) -152.6%	1.9	(2.5)	-	-	(1.4)	5.8
Net Income	\$51.3	3.9	-	-	0.4	\$55.6	(\$9.7) -14.9%	\$65.3	7.4	-	-	4.3	\$53.6
<i>ETP</i>	-0.8%	25.3%	-	-	25.3%	1.8%		-2.9%	25.3%	-	-	25.3%	-12.1%
Diluted Shares	53.6					53.6	2.9 5.7%	50.7					50.7
Diluted EPS	\$0.96	0.07	-	-	0.01	\$1.04	(\$0.25) -19.4%	\$1.29	0.15	-	-	0.08	\$1.06

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⁾ Utility Margin is a non-GAAP Measure. See the slide titled "Explaining Utility Margin" for additional disclosure.

Three Months Ended December 31,

	Revenues		Change		Megawatt Hours (MWH)		Average Customer Counts		
	2021	2020	\$	%	2021	2020	2021	2020	
	(in thousands)								
Montana	\$ 83,138	\$ 83,015	\$ 123	0.1 %	662	691	313,923	308,899	
South Dakota	14,398	14,176	222	1.6 %	118	120	50,925	50,697	
Residential	97,536	97,191	345	0.4 %	780	811	364,848	359,596	
Montana	90,025	85,755	4,270	5.0 %	778	767	72,109	70,733	
South Dakota	25,506	24,038	1,468	6.1 %	266	255	12,820	12,774	
Commercial	115,531	109,793	5,738	5.2 %	1,044	1,022	84,929	83,507	
Industrial	9,780	9,657	123	1.3 %	606	589	76	77	
Other	5,286	5,433	(147)	(2.7) %	20	16	5,981	5,932	
Total Retail Electric	\$ 228,133	\$ 222,074	\$ 6,059	2.7 %	2,450	2,438	455,834	449,112	
Regulatory amortization	4,482	(2,181)	6,663	(305.5) %					
Transmission	18,866	13,130	5,736	43.7 %					
Wholesale and other	1,717	1,074	643	59.9 %					
Total Revenues	\$ 253,198	\$ 234,097	\$ 19,101	8.2 %					
Total fuel, purchased supply & direct transmission expense*	76,018	63,287	12,731	20.1 %					
Utility Margin ⁽¹⁾	\$ 177,180	\$ 170,810	\$ 6,370	3.7 %					

* Direct transmission expense excludes depreciation and depletion

Three Months Ended December 31,

	Revenues		Change		Dekatherms (Dkt)		Average Customer Counts	
	2021	2020	\$	%	2021	2020	2021	2020
	(in thousands)							
Montana	\$ 43,619	\$ 37,783	\$ 5,836	15.4 %	4,766	4,956	180,525	178,231
South Dakota	7,942	4,850	3,092	63.8 %	586	683	41,390	40,922
Nebraska	6,365	3,953	2,412	61.0 %	493	577	37,732	37,676
Residential	57,926	46,586	11,340	24.3 %	5,845	6,216	259,647	256,829
Montana	21,791	18,361	3,430	18.7 %	2,469	2,492	25,080	24,619
South Dakota	6,569	3,103	3,466	111.7 %	684	643	6,966	6,913
Nebraska	3,631	1,782	1,849	103.8 %	358	390	4,994	4,977
Commercial	31,991	23,246	8,745	37.6 %	3,511	3,525	37,040	36,509
Industrial	408	337	71	21.1 %	47	47	228	231
Other	410	311	99	31.8 %	51	48	174	157
Total Retail Electric	\$ 90,735	\$ 70,480	\$ 20,255	28.7 %	9,454	9,836	297,089	293,726
Regulatory amortization	(5,903)	77	(5,980)	(7,766.2) %				
Wholesale and other	9,311	8,791	520	5.9 %				
Total Revenues	\$ 94,143	\$ 79,348	\$ 14,795	18.6 %				
Total fuel, purchased supply & direct transmission expense*								
	38,393	22,551	15,842	70.2 %				
Utility Margin ⁽¹⁾	\$ 55,750	\$ 56,797	\$ (1,047)	(1.8) %				

* Direct transmission expense excludes depreciation and depletion

<i>(in millions)</i>	Year Ended December 31,	
	2021	2020
Reconciliation of gross margin to utility margin:		
Operating Revenues	\$ 1,372.3	\$ 1,198.7
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	425.5	306.2
Less: Operating and maintenance	208.3	203.0
Less: Property and other taxes	173.4	179.5
Less: Depreciation and depletion	187.4	179.7
Gross Margin	377.7	330.3
Plus: Operating and maintenance	208.3	203.0
Plus: Property and other taxes	173.4	179.5
Plus: Depreciation and depletion	187.5	179.7
Utility Margin⁽¹⁾	\$ 946.8	\$ 892.5

Management believes that Utility Margin provides a useful measure for investors and other financial statement users to analyze our financial performance in that it excludes the effect on total revenues caused by volatility in energy costs and associated regulatory mechanisms. This information is intended to enhance an investor's overall understanding of results. Under our various state regulatory mechanisms, as detailed below, our supply costs are generally collected from customers. In addition, Utility 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, as well as to analyze how changes in loads (due to weather, economic or other conditions), rates and other factors impact our results of operations. Our Utility Margin measure may not be comparable to that of other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

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

Pre-Tax Adjustments (\$ Millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021
Reported GAAP Pre-Tax Income	\$ 108.3	\$ 110.4	\$ 181.2	\$ 156.5	\$ 176.1	\$ 178.3	\$ 182.2	\$ 144.2	\$ 190.2
Non-GAAP Adjustments to Pre-Tax Income:									
Weather	(3.7)	(1.3)	13.2	15.2	(3.4)	(1.3)	(7.3)	9.8	1.1
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)	-	-	(6.9)
Electric tracker disallowance of prior period costs	-	-	-	12.2	-	-	-	9.9	-
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	\$ 163.9	\$ 184.4

Tax Adjustments to Non-GAAP Items (\$ Millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021
GAAP Net Income	\$ 94.0	\$ 120.7	\$ 151.2	\$ 164.2	\$ 162.7	\$ 197.0	\$ 202.1	\$ 155.2	\$ 186.8
Non-GAAP Adjustments Taxed at 38.5% ('13-'17) and 25.3% ('18-current):									
Weather	(2.3)	(0.8)	8.1	9.3	(2.1)	(1.0)	(5.5)	7.3	0.8
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	-	-	-	7.4	(5.2)
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	\$ 169.9	\$ 182.4

Non-GAAP Diluted Earnings Per Share	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Diluted Average Shares (Millions)</i>	38.2	40.4	47.6	48.5	48.7	50.2	50.8	50.7	51.9
Reported GAAP Diluted earnings per share	\$ 2.46	\$ 2.99	\$ 3.17	\$ 3.39	\$ 3.34	\$ 3.92	\$ 3.98	\$ 3.06	\$ 3.60
Non-GAAP Adjustments:									
Weather	(0.05)	(0.02)	0.17	0.19	(0.04)	(0.02)	(0.11)	0.14	0.01
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	-	-	-	0.15	(0.10)
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	\$ 3.35	\$ 3.51

This presentation includes financial information prepared in accordance with GAAP, as well as other financial measures, such as Utility Margin, Adjusted Non-GAAP pretax income, Adjusted Non-GAAP net income and Adjusted Non-GAAP 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 excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP.

We define Utility Margin as Operating Revenues less fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion) as presented in our Consolidated Statements of Income. This measure differs from the GAAP definition of Gross Margin due to the exclusion of Operating and maintenance, Property and other taxes, and Depreciation and depletion expenses, which are presented separately in our Consolidated Statements of Income. A reconciliation of Utility Margin to Gross Margin, the most directly comparable GAAP measure, is included in this presentation.

Management believes that Utility Margin provides a useful measure for investors and other financial statement users to analyze our financial performance in that it excludes the effect on total revenues caused by volatility in energy costs and associated regulatory mechanisms. This information is intended to enhance an investor's overall understanding of results. Under our various state regulatory mechanisms, as detailed below, our supply costs are generally collected from customers. In addition, Utility 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, as well as to analyze how changes in loads (due to weather, economic or other conditions), rates and other factors impact our results of operations. Our Utility Margin measure may not be comparable to that of other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Management also believes the presentation of Adjusted Non-GAAP pre-tax income, Adjusted Non-GAAP net income and Adjusted Non-GAAP Diluted EPS is more representative of normal earnings than GAAP pre-tax income, net income and 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.



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