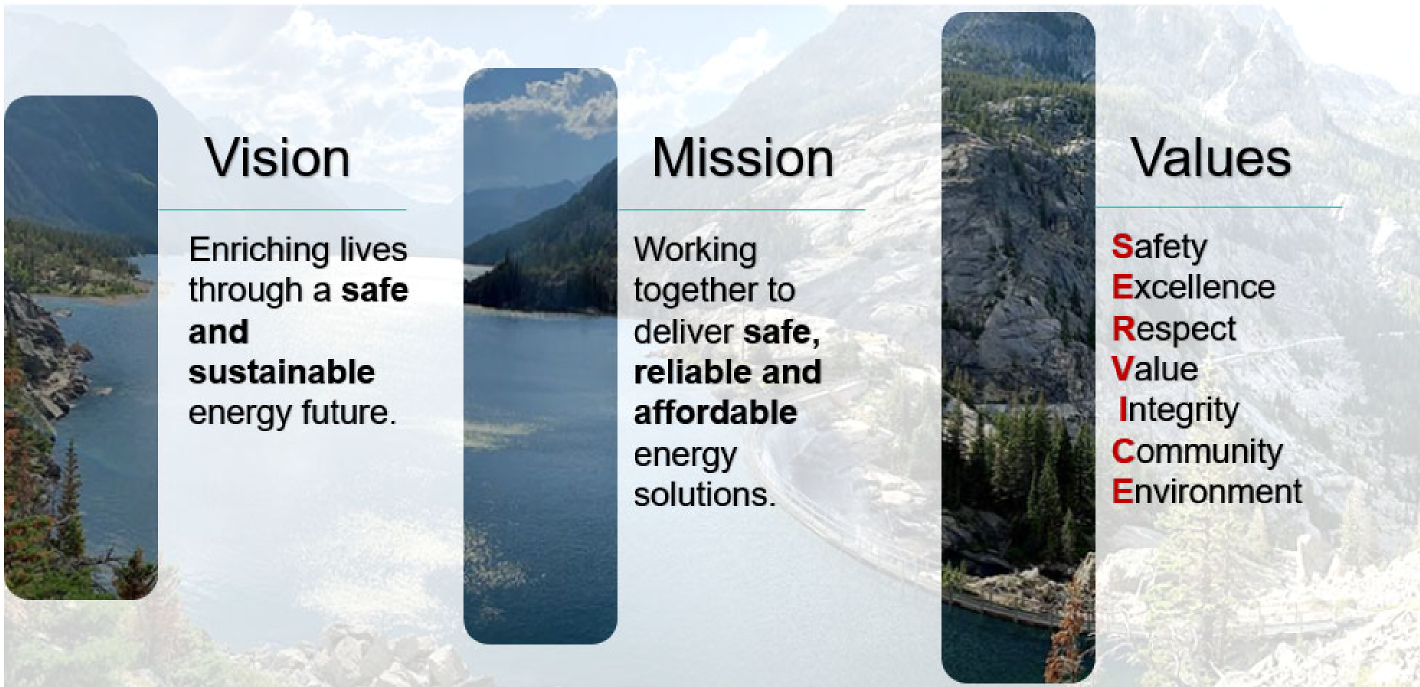
2023 Year-End Earnings Webcast

February 15, 2024

NorthWestern Energy



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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.

Recent Highlights

- Reported GAAP diluted EPS of $3.22
  - Non-GAAP diluted EPS of $3.27[1]
- Affirming 2024 diluted EPS guidance of $3.42 - $3.62[2]
- Affirming long-term (5 year) rate base and earnings per share growth rates targets of 4% - 6%[2]
- Unanimous approval of multi-party rate review settlements
  - Montana electric and natural gas rate reviews
  - South Dakota electric rate review
- Completed second and final phase of holding company reorganization on Jan.1, 2024
- Dividend Declared: $0.65 per share payable March 29, 2024 to shareholders of record as of March 15, 2024

Celebrating ***100 Powerful Years!***

1.) See reconciliation of Non-GAAP adjustments on page 12 and "Non-GAAP Financial Measures" in appendix
2.) Based on 2022 adjusted non-GAAP earnings of $3.18 per diluted share and 2022 estimated rate base of $4.54 billion

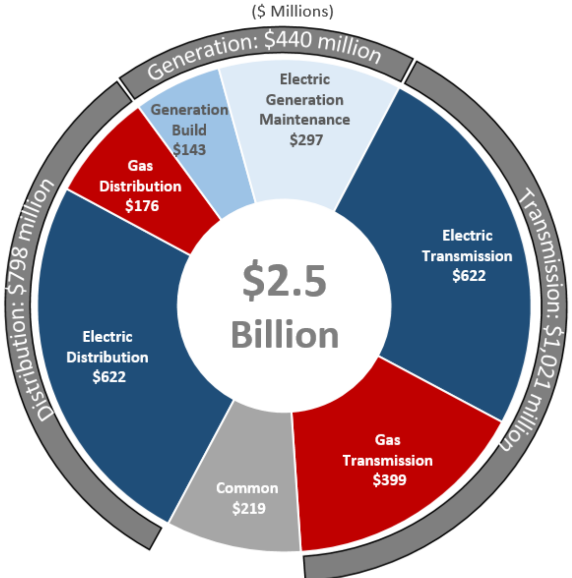
The NorthWestern Value Proposition

~5% Dividend Yield

+

Base Capital Plan:
4%-6% EPS Growth

2024-2028 Capital Investment
($ Millions)



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9%-11% Total Growth

+

Incremental Opportunities:
6% + EPS Growth

- ✓ **FERC Transmission**
- ✓ **Incremental generating capacity** (subject to successful resource procurement bids)
- ✓ **Qualifying Facility and / or Power Purchase Agreement buyouts**
- ✓ **Electrification supporting economic development**

=

11%+ Total Growth

Nearly $2.5 billion of highly executable and low-risk capital investment forecasted over the next five years.

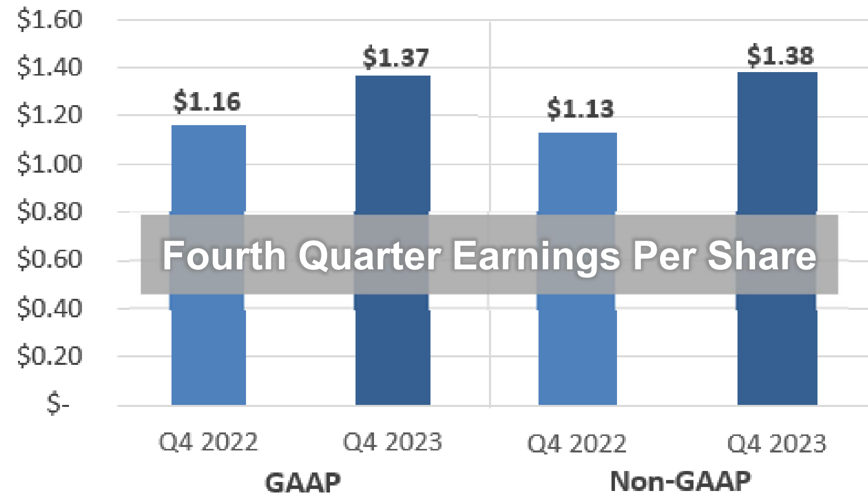
This investment is expected to drive annualized earnings and rate base growth of approximately 4% - 6%.

See slide titled "Affirming Guidance and Growth Rate Targets" for additional information.

2023 Financial Results

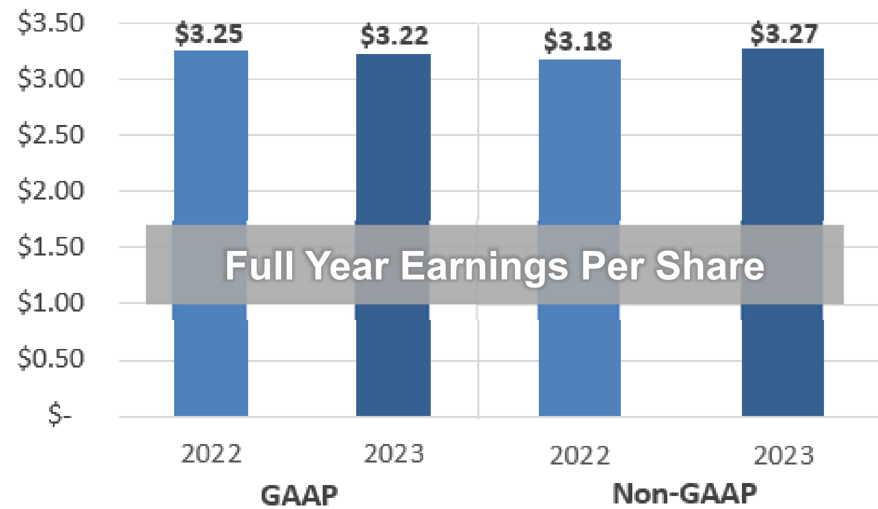
Fourth Quarter 2023 EPS vs Prior Period

- GAAP: ↑ 21 cents or 18.1%
- Non-GAAP[1]: ↑ 25 cents or 22.1%



Full Year 2023 EPS vs Prior Period

- GAAP: ↓ $0.03 or (0.9%)
- Non-GAAP[1]: ↑ $0.09 or 2.8%

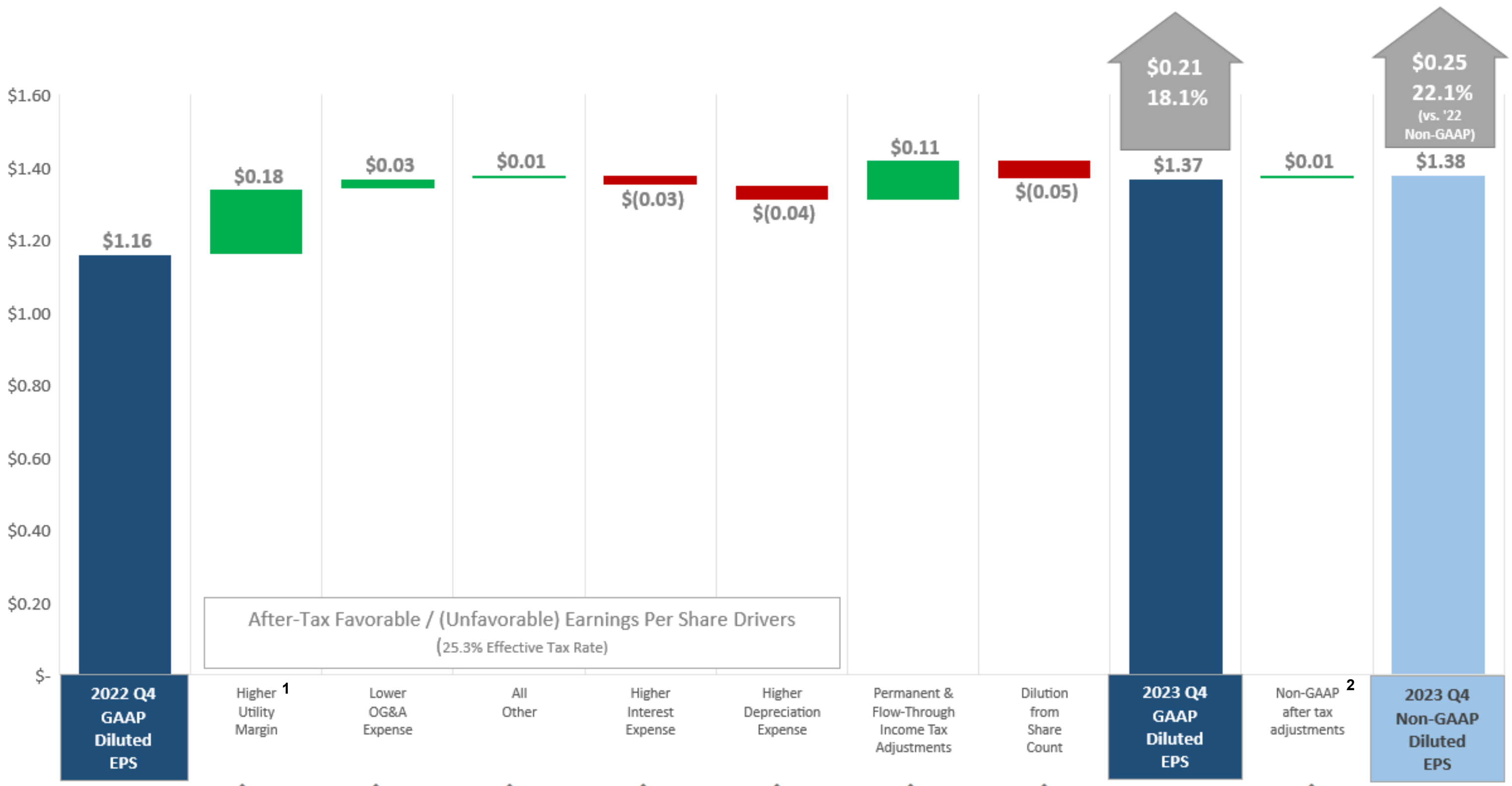


1.) See reconciliation of Non-GAAP adjustments on pages 8 & 12 and "Non-GAAP Financial Measures" in appendix

Fourth Quarter Financial Review

Fourth Quarter Earnings Drivers

After-tax EPS vs Prior Year



Pre-Tax ($M)	$14.7	$2.7	$1.2	($2.4)	($3.4)	$0.0	-	$5.2
After-Tax ($M)	$11.0	$2.0	$0.4	($1.8)	($2.5)	$6.3	-	$0.7
Diluted EPS	$0.18	$0.03	$0.01	($0.03)	($0.04)	$0.11	($0.05)	$0.01

Improvement in Utility Margin and income tax impacts offset weather, depreciation, interest expense and share count dilution

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

2.) See reconciliation of Non-GAAP adjustments on page 8 and "Non-GAAP Financial Measures" in appendix

Fourth Quarter 2023 Non-GAAP Earnings

Three Months Ended December 31,

(in millions)	GAAP: Three Months Ended Dec. 31, 2023	Non-GAAP Adjustments: Unfavorable Weather (Addback)	Non-GAAP Adjustments: Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Non-GAAP Adjustments: Deferred Compensation Reclass	Non-GAAP Adjustments: Q4: Remove Release of Unrecognized Tax Benefit	Non GAAP: Three Months Ended Dec. 31, 2023	Non-GAAP Variance: Variance $	Non-GAAP Variance: Variance %	Non GAAP: Three Months Ended Dec. 31, 2022	Non-GAAP Adjustments: Deferred Compensation Reclass	Non-GAAP Adjustments: Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	Non-GAAP Adjustments: Favorable Weather (Deduct)	GAAP: Three Months Ended Dec. 31, 2022
Revenues	$356.0	5.2				$361.2	($61.7)	-14.6%	$422.9			(2.3)	$425.2
Fuel, supply & dir. tx	98.2					98.2	(54.7)	-35.8%	152.9				152.9
Utility Margin (2)	**257.8**	**5.2**	**-**	**-**	**-**	**263.0**	**(7.0)**	**-2.6%**	**270.0**	**-**	**-**	**(2.3)**	**272.3**
Op. Expenses													
OG&A Expense	79.9		3.5	(0.9)		82.5	(2.4)	-2.8%	84.9	(0.6)	(2.0)		87.5
Prop. & other taxes	22.0					22.0	(30.2)	-57.9%	52.2				52.2
Depreciation	52.7					52.7	3.4	6.9%	49.3				49.3
Total Op. Exp.	**154.6**	**-**	**3.5**	**(0.9)**	**-**	**157.2**	**(29.2)**	**-15.7%**	**186.4**	**(0.6)**	**(2.0)**	**-**	**189.0**
Op. Income	**103.2**	**5.2**	**(3.5)**	**0.9**	**-**	**105.8**	**22.2**	**26.6%**	**83.6**	**0.6**	**2.0**	**(2.3)**	**83.3**
Interest expense	(29.5)					(29.5)	(2.4)	-8.9%	(27.1)				(27.1)
Other (Exp.) Inc., net	2.9		3.5	(0.9)		5.5	0.5	10.0%	5.0	(0.6)	(2.0)		7.6
Pretax Income	**76.6**	**5.2**	**-**	**-**	**-**	**81.8**	**20.3**	**33.0%**	**61.5**	**-**	**-**	**(2.3)**	**63.8**
Income tax (Exp) / Ben	6.5	(1.3)	-	-	(3.2)	2.0	(1.5)	-43.1%	3.5	-	-	0.6	2.9
Net Income	**$83.1**	**3.9**	**-**	**-**	**(3.2)**	**$83.8**	**$18.8**	**28.9%**	**$65.0**	**-**	**-**	**(1.7)**	**$66.7**
ETR	-8.6%	25.3%	-	-	-	-2.5%			-5.7%	-	-	25.3%	-4.5%
Diluted Shares	61.3					61.3	2.8	4.8%	58.5				58.5
Diluted EPS	**$1.37**	0.06	-	-	(0.05)	$1.38	$0.25	22.1%	$1.13	-	-	(0.03)	**$1.16**

We estimate weather to be a $5.2 million pre-tax detriment as compared to normal and a $7.5 million detriment as compared to fourth quarter 2022.

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

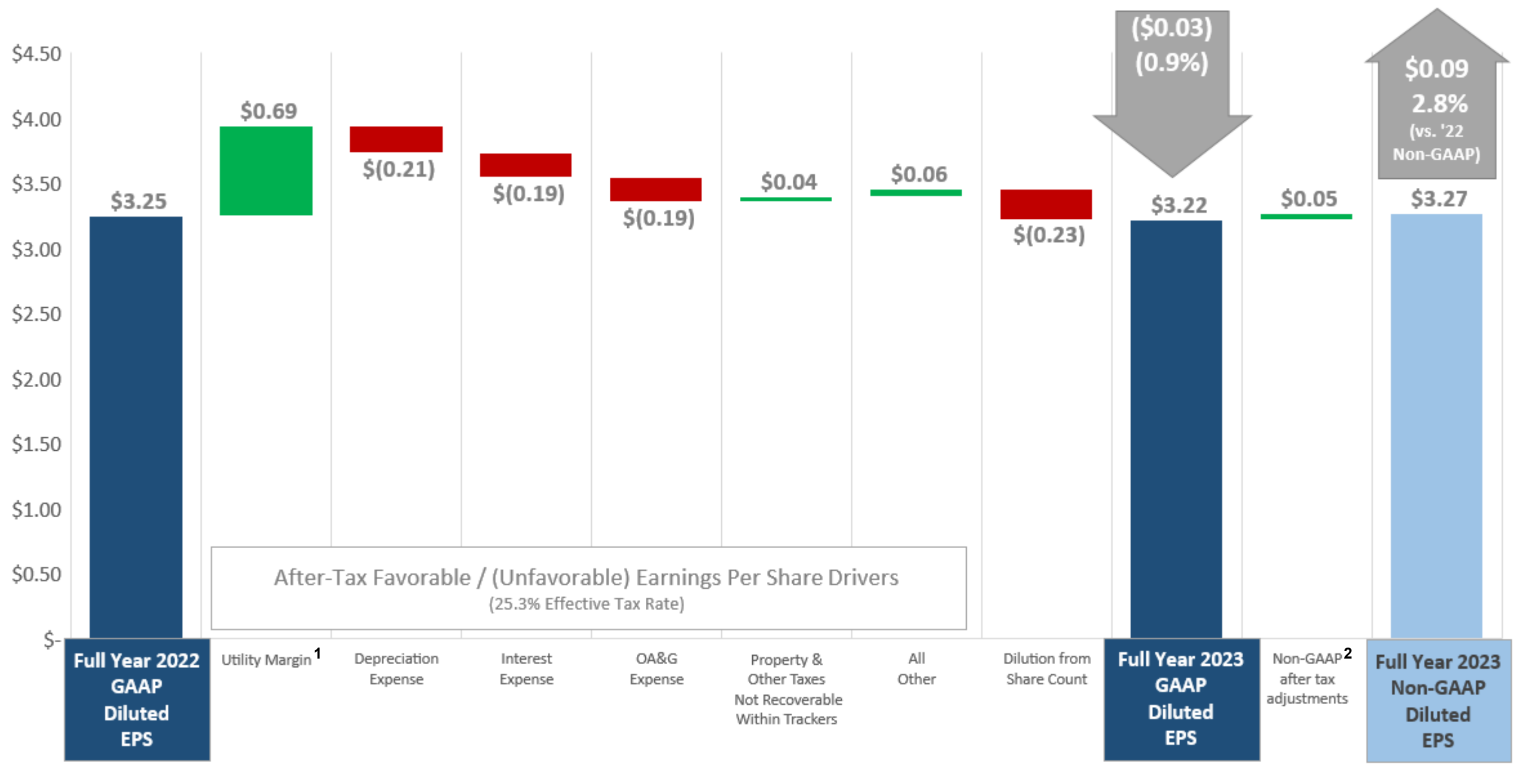
(1) *As a result of the adoption of Accounting Standard Update 2017-07 in March 2018, pension and other employee benefit expense is now disaggregated on the GAAP income statement with portions now recorded in both OG&A expense and Other (Expense) Income lines. To facilitate better understanding of trends 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. "*

Full Year
Financial Review

Year Over Year Earnings Drivers

After-tax EPS vs Prior Year



	Utility Margin	Depreciation Expense	Interest Expense	OA&G Expense	Property & Other Taxes	All Other	Dilution from Share Count	Non-GAAP after tax adjustments
Pre-Tax ($M)	$51.9	($15.5)	($14.5)	($14.4)	$3.0	$4.9	-	$4.3
After-Tax ($M)	$38.8	($11.6)	($10.8)	($10.8)	$2.2	$3.3	-	$3.2
Diluted EPS	$0.69	($0.21)	($0.19)	($0.19)	$0.04	$0.06	($0.23)	$0.05

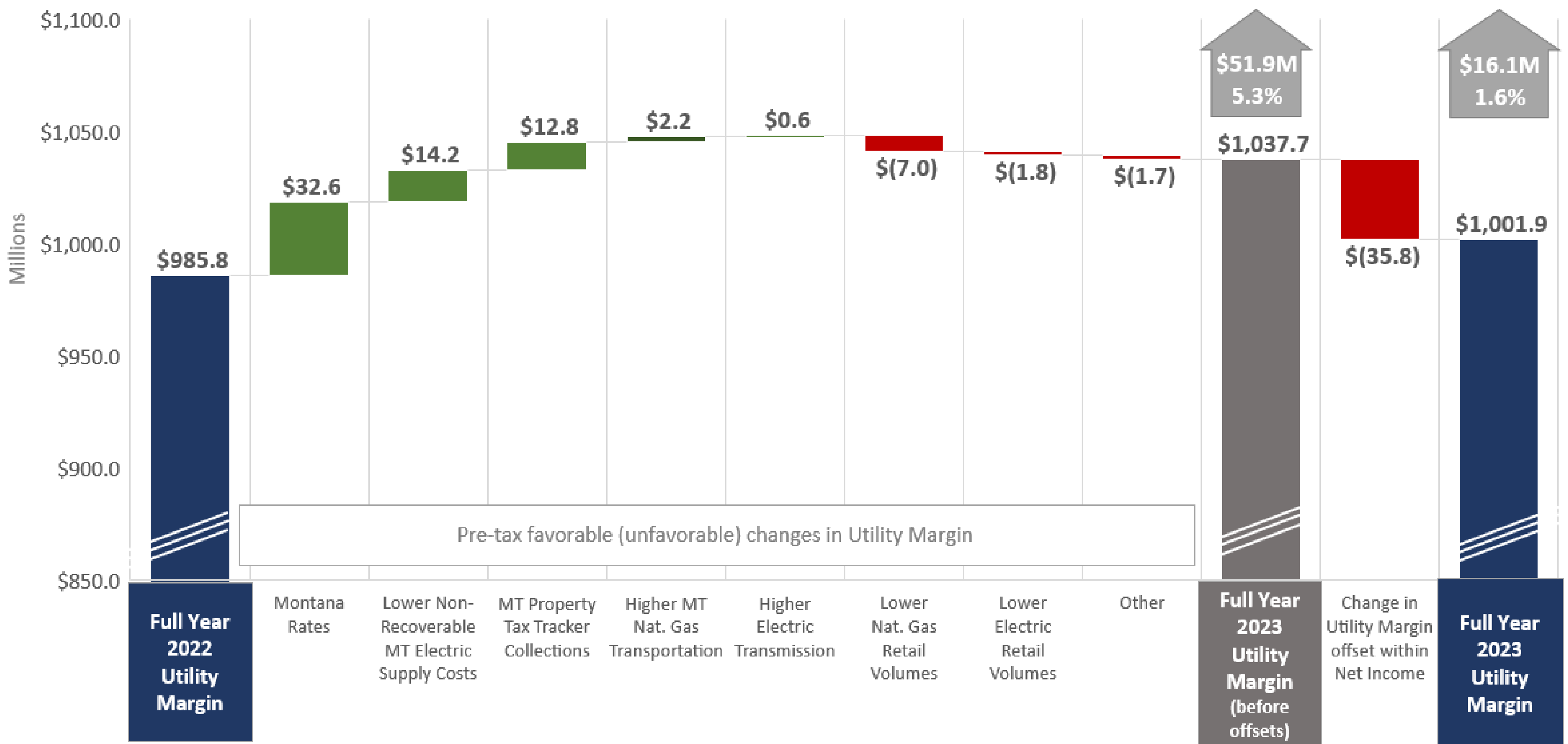
Improvement in Utility Margin offset weather, inflationary impacts, depreciation, interest rates and share count dilution

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

2.) See reconciliation of Non-GAAP adjustments on page 12 and "Non-GAAP Financial Measures" in appendix

Year Over Year Utility Margin Bridge

Pre-tax Millions vs. Prior Year



	Montana Rates	Lower Non-Recoverable MT Electric Supply Costs	MT Property Tax Tracker Collections	Higher MT Nat. Gas Transportation	Higher Electric Transmission	Lower Nat. Gas Retail Volumes	Lower Electric Retail Volumes	Other	Full Year 2023 Utility Margin (before offsets)	Change in Utility Margin offset within Net Income	Full Year 2023 Utility Margin
Pre-Tax ($M)	$32.6	$14.2	$12.8	$2.2	$0.6	($7.0)	($1.8)	($1.7)	$51.9	($35.8)	$16.1
After-Tax ($M)	$24.3	$10.6	$9.6	$1.6	$0.4	($5.2)	($1.3)	($1.3)	$38.7	($26.7)	$12.0
Diluted EPS	$0.43	$0.19	$0.17	$0.03	$0.00	($0.09)	($0.02)	($0.02)	$0.69	($0.48)	$0.21

5.3% increase in Utility Margin

NOTE: Utility Margin is a non-GAAP Measure See appendix slide titled "Explaining Utility Margin" for additional disclosure.

Full Year Non-GAAP Earnings

Twelve Months Ended December 31, GAAP and Non-GAAP

(in millions)	GAAP: Twelve Months Ended Dec. 31, 2023	12 Months Actual: Unfavorable Weather (Addback)	12 Months Actual: Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	12 Months Actual: Deferred Compensation Reclass	12 Months Actual: Q1: Add Back Reduction related to Previously Claimed AMT Credit	12 Months Actual: Q4: Remove Release of Unrecognized Tax Benefit	Non GAAP: Twelve Months Ended Dec. 31, 2023	Non-GAAP Variance: Variance $	Non-GAAP Variance: Variance %	Non GAAP: Twelve Months Ended Dec. 31, 2022	12 Months Actual: Community Renewable Energy Project Penalty (not tax deductible)	12 Months Actual: Deferred Compensation Reclass	12 Months Actual: Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1)	12 Months Actual: Favorable Weather (Deduct)	GAAP: Twelve Months Ended Dec. 31, 2022
Revenues	$1,422.1	4.3	-	-	-	-	$1,426.4	($42.5)	-2.9%	$1,468.9	-	-	-	(8.9)	$1,477.8
Fuel, supply & dir. tx	420.2	-	-	-	-	-	420.2	(71.8)	-14.6%	492.0	-	-	-	-	492.0
Utility Margin (2)	**1,001.9**	**4.3**	**-**	**-**	**-**	**-**	**1,006.2**	**29.3**	**3.0%**	**976.9**	**-**	**-**	**-**	**(8.9)**	**985.8**
Op. Expenses															
OG&A Expense	337.8	-	2.7	(0.2)	-	-	340.3	11.2	3.4%	329.1	-	(0.1)	(6.0)	-	335.2
Prop. & other taxes	153.1	-	-	-	-	-	153.1	(39.4)	-20.5%	192.5	-	-	-	-	192.5
Depreciation	210.5	-	-	-	-	-	210.5	15.5	7.9%	195.0	-	-	-	-	195.0
Total Op. Exp.	**701.4**	**-**	**2.7**	**(0.2)**	**-**	**-**	**703.9**	**(12.7)**	**-1.8%**	**716.6**	**-**	**(0.1)**	**(6.0)**	**-**	**722.7**
Op. Income	**300.5**	**4.3**	**(2.7)**	**0.2**	**-**	**-**	**302.3**	**42.0**	**16.1%**	**260.3**	**-**	**0.1**	**6.0**	**(8.9)**	**263.1**
Interest expense	(114.6)	-	-	-	-	-	(114.6)	(14.5)	-14.5%	(100.1)	-	-	-	-	(100.1)
Other Inc. (Exp.), net	15.8	-	2.7	(0.2)	-		18.3	2.5	15.9%	15.8	2.5	(0.1)	(6.0)	-	19.4
Pretax Income	**201.6**	**4.3**	**-**	**-**	**-**	**-**	**205.9**	**29.9**	**17.0%**	**176.0**	**2.5**	**-**	**-**	**(8.9)**	**182.4**
Income tax Ben / (Exp)	(7.5)	(1.1)	-	-	3.2	(3.2)	(8.6)	(11.5)	-394.1%	2.9	-	-	-	2.3	0.6
Net Income	**$194.1**	**3.2**	**-**	**-**	**3.2**	**(3.2)**	**$197.3**	**$18.4**	**10.3%**	**$178.9**	**2.5**	**-**	**-**	**(6.6)**	**$183.0**
ETR	3.7%	25.3%	-	-	-	-	4.2%			-1.7%	0.0%	-	-	25.3%	-0.3%
Diluted Shares	60.4						60.4	4.1	7.3%	56.3					56.3
Diluted EPS	**$3.22**	0.05	-	-	0.05	(0.05)	**$3.27**	$0.09	2.8%	**$3.18**	0.04	-	-	(0.11)	**$3.25**

We estimate weather to be a $4.3 million pre-tax detriment as compared to normal and a $13.2 million detriment as compared to 2022.

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

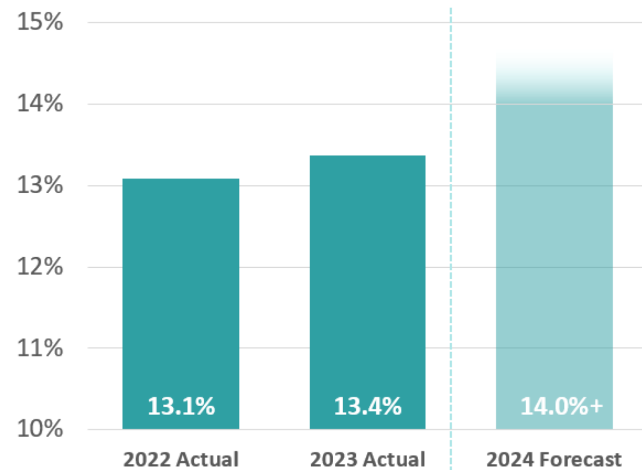
(1) As a result of the adoption of Accounting Standard Update 2017-07 in March 2018, pension and other employee benefit expense is now disaggregated on the GAAP income statement with portions now recorded in both OG&A expense and Other (Expense) Income lines. To facilitate better understanding of trends 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.

Credit, Cash flow and Financing Plans

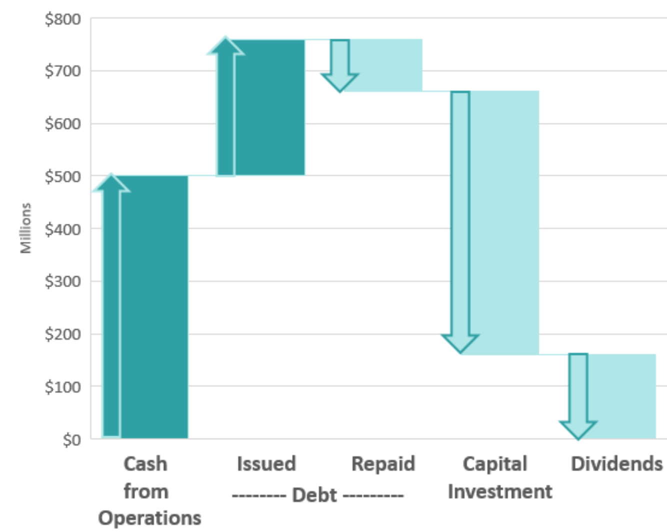
Credit Ratings

		Moody's	S&P	Fitch
NWEG (Hold-Co.)	Issuer	-	BBB	BBB
	Secured	-	-	-
	Unsecured	-		BBB
	Outlook	-	Stable	Stable
NW Corp. (MT Op.-Co.)	Issuer	Baa2	BBB	BBB
	Secured	A3	A-	A-
	Unsecured	Baa2		BBB+
	Outlook	Stable	Stable	Stable
NWEPS (SDNE Op.-Co.)	Issuer	Baa2	BBB	BBB
	Secured	A3	A-	A-
	Unsecured	-	-	BBB+
	Outlook	Stable	Stable	Stable

FFO / Total Debt



2024 Financing Plan



<u>No equity expected</u> to fund the current 5-year | $2.5 billion capital plan

Financing plans (targeting a FFO to Debt ratio > 14%) are expected to maintain our current credit ratings.
We expect to pay minimal cash taxes into 2028 due to utilization of our NOL's and tax credits.
Financing plans and are subject to change.

Strong Growth Outlook

2024 Non-GAAP EPS Guidance[1] of \$3.42 - \$3.62

✓ **Affirming long-term (5 Year) expected growth rates**
- **EPS growth of <u>4% to 6%</u>** from 2022 base year of \$3.18 Non-GAAP
- **Rate base growth of <u>4% to 6%</u>** from 2022 base year \$4.54 billion
- Continued focus on earned returns driven by financial and operational execution

✓ **<u>No equity expected</u>** to fund the current 5-year | \$2.5 billion capital plan
- Capital plan is expected to be funded by cash from operations (aided by net operating losses[1]) and secured debt
- Any equity needs would be driven by opportunities <u>incremental</u> to the plan

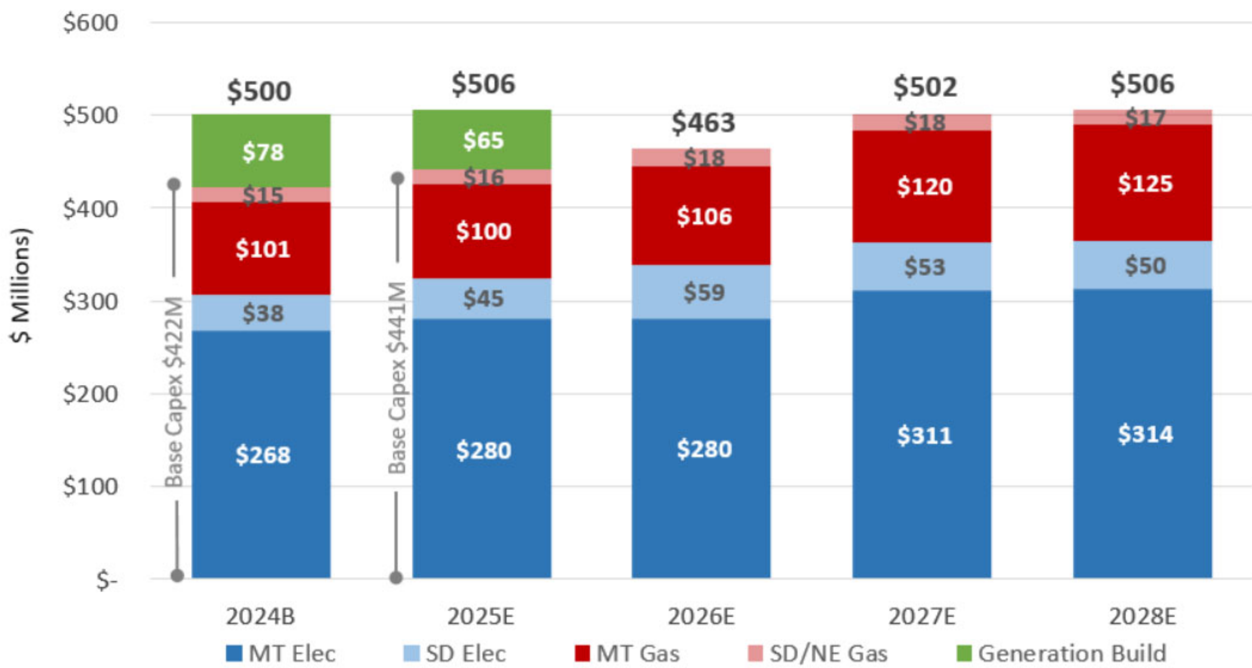
✓ **Targeting FFO > 14% by end of 2024** and beyond

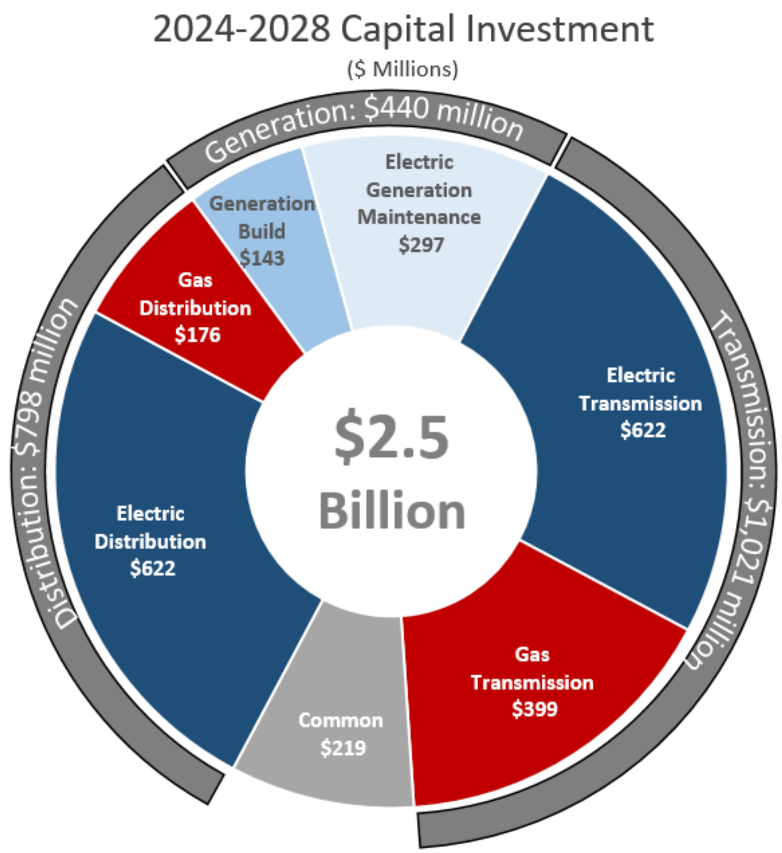
✓ Earnings growth is expected to exceed dividend growth until we return to our targeted 60% to 70% payout ratio.

1.) See "Earnings Bridge" in the Appendix for additional detail.

This guidance range is based upon, but not limited to, the following major assumptions:
- Normal weather in our service territories;
- An effective income tax rate of approximately 12%-14%; and
- Diluted average shares outstanding of approximately 61.3 million.

Regulated Utility Five-Year Capital Forecast



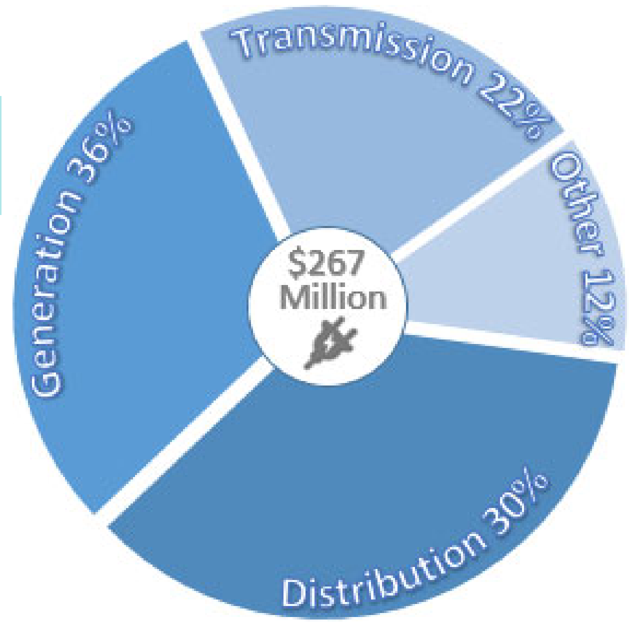


$ Millions	2024	2025	2026	2027	2028
Electric	$ 384	$ 390	$ 339	$ 364	$ 364
Natural Gas	$ 116	$ 117	$ 124	$ 138	$ 142
Total NWE Capex	$ 500	$ 506	$ 463	$ 502	$ 506

$2.5 billion of highly-executable and low-risk capital investment

South Dakota Electric Rate Review

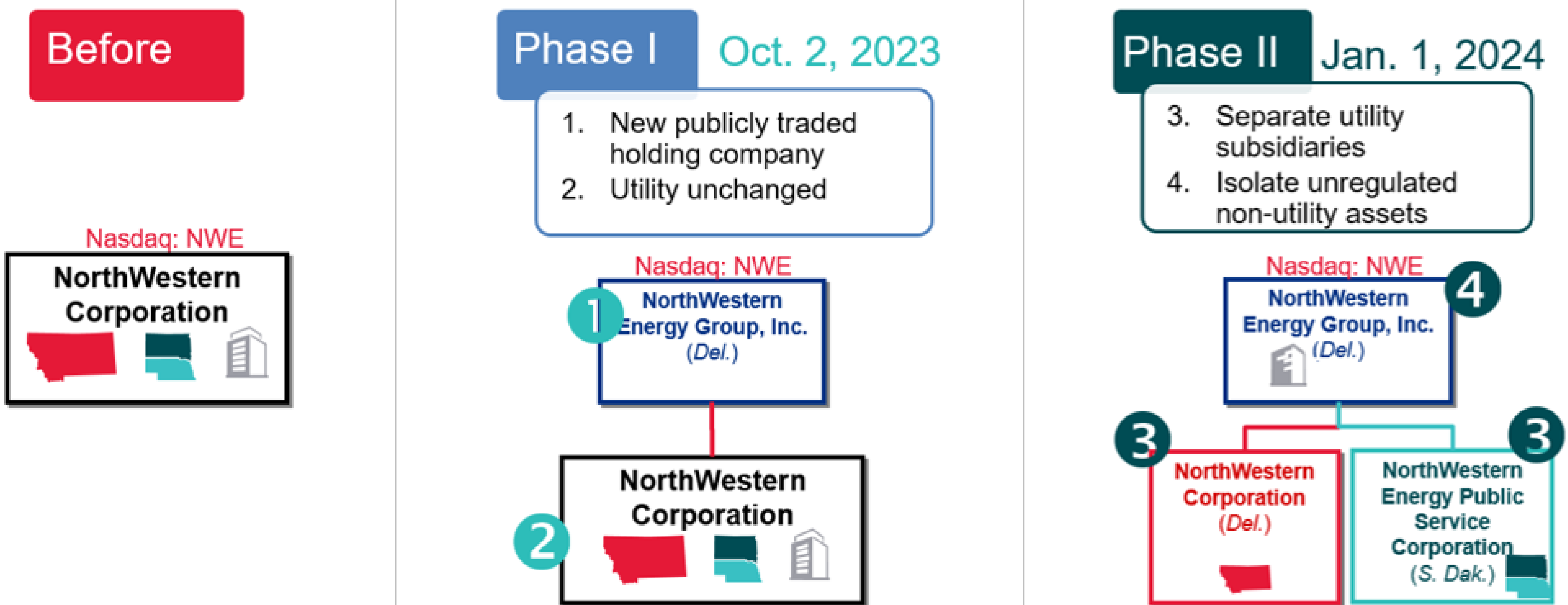
Unanimous approval from the South Dakota Public Utility Commission of a constructive settlement with the PUC staff



- **First rate review since 2015** with base rate increase driven by **more than $267 million invested in South Dakota critical electric infrastructure**, while keeping operating costs below the rate of inflation, since our last electric rate review.
- **Received nearly 70% of our ask ($21.5M vs request of $30.9M) in base rates with 6.81% authorized rate of return vs 7.54% as requested.**
- **Rates went into effect January 10, 2024**

Category	Pre-Filing Rates	Requested Rates	Final Rates
Test Year (Trailing Twelve Months)	Sep. 30, 2014	Dec. 31, 2022	Effective Jan. 10, 2024
Equity Ratio	Black Box	50.50%	50.50%
Return on Equity		10.70%	Black Box
Cost of Debt		4.32%	
Rate of Return	7.24%	7.54%	6.81%
Authorized Rate Base	$557.3M	$787.3M	$791.8M
Rate Relief		$30.9M	$21.5M

Holding Company Reorganization Completed



Stock
- New name – NorthWestern Energy Group, Inc.
- Same NWE stock ticker
- Same shareholders
- Same stock plans

Governance
- Same board of directors, but now at new parent NorthWestern Energy Group, Inc.
- Same executive team
- Same policies

Conclusion

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

Appendix:

Full Year Appendix

Appendix

Full Year Financial Results

(in millions except per share amounts)

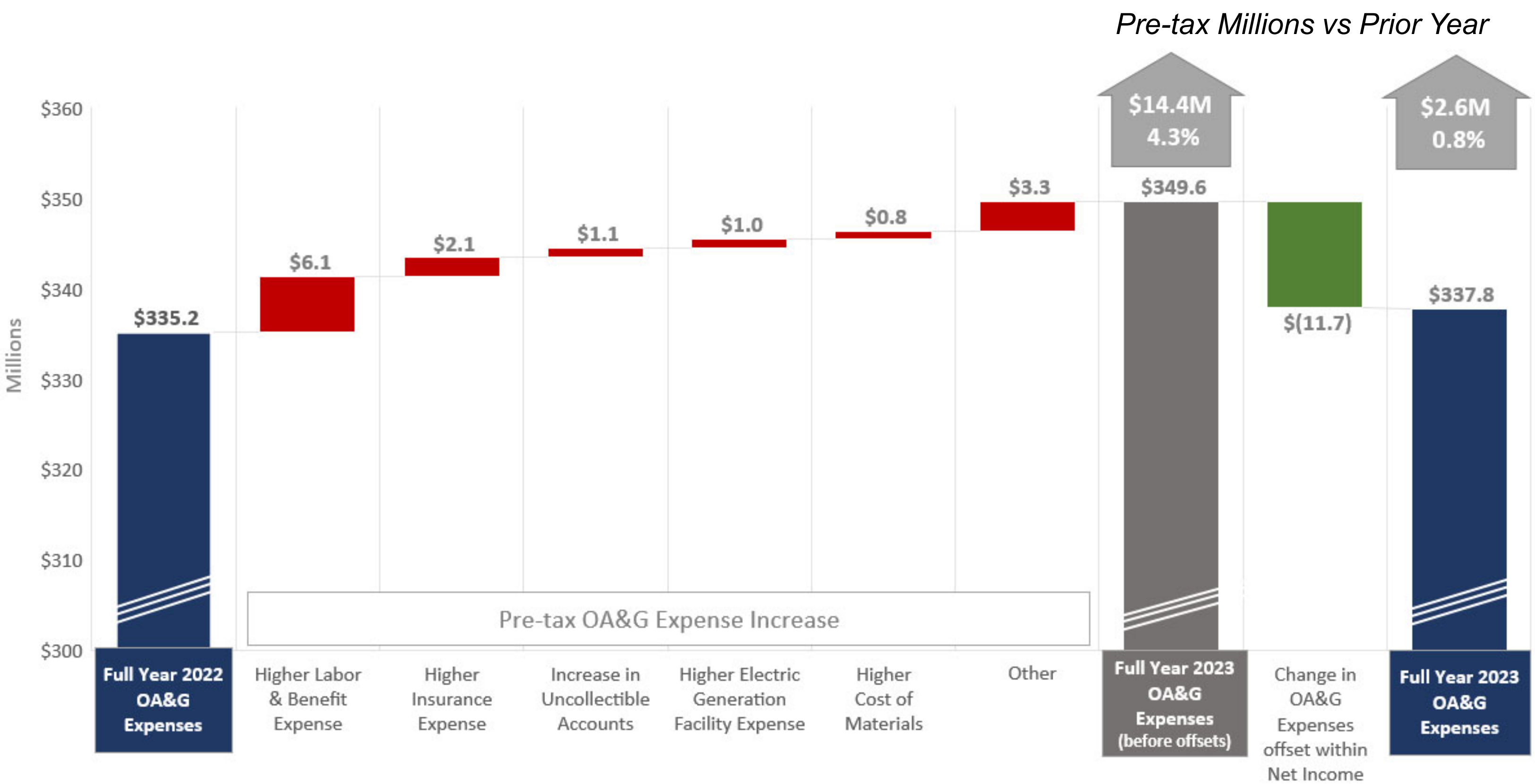
	Twelve Months Ended December 31,			
	2023	2022	Variance	% Variance
Operating Revenues	$ 1,422.1	$ 1,477.8	$ (55.7)	(3.8%)
Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion)	420.2	492.0	(71.8)	(14.6%)
Utility Margin[1]	**1,001.9**	**985.8**	**16.1**	**1.6%**
Operating Expenses				
Operating and maintenance	220.5	221.4	(0.9)	(0.4%)
Administrative and general	117.3	113.8	3.5	3.1%
Property and other taxes	153.1	192.5	(39.4)	(20.5%)
Depreciation and depletion	210.5	195.0	15.5	7.9%
Total Operating Expenses	**701.4**	**722.7**	**(21.3)**	**(2.9%)**
Operating Income	**300.5**	**263.1**	**37.4**	**14.2%**
Interest expense	(114.6)	(100.1)	(14.5)	(14.5%)
Other income, net	15.8	19.4	(3.6)	(18.6%)
Income Before Taxes	**201.6**	**182.4**	**19.2**	**10.5%**
Income tax (expense) benefit	(7.5)	0.6	(8.1)	(1350.0%)
Net Income	**$ 194.1**	**$ 183.0**	**$ 11.1**	**6.1%**
Effective Tax Rate	3.7%	(0.3%)	4.0%	
Diluted Average Shares Outstanding	60.4	56.3	4.1	7.3%
Diluted Earnings Per Share	$3.22	$3.25	($0.03)	(0.9%)
Dividends Paid per Common Share	$ 2.56	$ 2.52	$ 0.04	1.6%

Decrease in revenues is primarily related to pass-through property tax and supply trackers and non-cash regulatory amortizations.

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

Appendix

Year Over Year Operating & Administrative Costs



($millions, except EPS)	↑	↑	↑	↑	↑	↑	↑	↑	↑
OA&G Inc. (Dec.)	$6.1	$2.1	$1.1	$1.0	$0.8	$3.3	**$14.4**	($11.7)	**$2.6**
After-Tax	$4.6	$1.6	$0.8	$0.7	$0.6	$2.5	**$10.8**	($8.7)	**$2.1**
Diluted EPS	$0.08	$0.03	$0.01	$0.01	$0.01	$0.05	**$0.19**	($0.14)	**$0.05**

NorthWestern maintains best-in-class expense efficiency among our regional peers.

(See slide *“Disciplined Expense Program”* that follows in appendix)

Appendix

Utility Margin (Full-Year)

(dollars in millions)

	Twelve Months Ended December 31,			
	2023	2022	Variance	
Electric	$ 806.1	$ 782.1	$ 24.0	3.1%
Natural Gas	195.8	203.7	(7.9)	(3.9)%
Total Utility Margin	**$ 1001.9**	**$ 985.8**	**$ 16.1**	**1.6%**

Increase in utility margin due to the following factors:

$ 32.6	Higher Montana rate review – new base rates
14.2	Lower non-recoverable Montana electric supply costs
12.8	Higher Montana property tax tracker collections
2.2	Higher Montana natural gas transportation
0.6	Higher electric transmission revenue due to market conditions
(7.0)	Lower natural gas retail volumes
(1.8)	Lower electric retail volumes
(1.7)	Other
$ 51.9	**Change in Utility Margin Impacting Net Income**
$ (35.8)	Lower property taxes recovered in revenue, offset in property tax expense
(3.1)	Lower operating expenses recovered in revenue, offset in O&M expense
(0.7)	Lower natural gas production taxes recovered in revenue, offset in property & other taxes
3.8	Higher revenue from lower production tax credits, offset in income tax expense
$ (35.8)	**Change in Utility Margin Offset Within Net Income**
$ 16.1	**Increase in Utility Margin**

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

Appendix

Operating Expenses (Full-Year)

(dollars in millions)

	Twelve Months Ended December 31,			
	2023	2022	Variance	
Operating & maintenance	$ 220.5	$ 221.4	$ (0.9)	(0.4)%
Administrative & general	117.3	113.8	3.5	3.1%
Property and other taxes	153.1	192.5	(39.4)	(20.5)%
Depreciation and depletion	210.5	195.0	15.5	7.9%
Operating Expenses	**$ 701.4**	**$ 722.7**	**$ (21.3)**	**(2.9)%**

Decrease in operating expenses due to the following factors:

$ 15.5	Higher depreciation due to plant additions
6.1	Higher labor and benefits expense[1]
2.1	Higher insurance expense
1.1	Increase in uncollectible accounts
1.0	Higher expenses at our electric generation facilities
0.8	Higher cost of materials
(3.0)	Lower property and other taxes not recoverable within trackers
3.3	Other
$ 26.9	**Change in Operating Expense Items Impacting Net Income**
$ (35.8)	Lower property and other taxes recovered in trackers, offset in revenue
(8.7)	Lower pension and other postretirement benefits, offset in other income[1]
(3.1)	Lower operating expenses recovered in trackers, offset in revenue
(0.7)	Lower natural gas production taxes recovered in trackers, offset in revenue
(0.1)	Higher deferred compensation, offset in other income
$ (48.2)	**Change in Operating Expense Items Offset Within Net Income**
$ (21.3)	**Decrease in Operating Expenses**

(1) In order to present the total change in labor and benefits, we have included the change in the non-service cost component of our pension and other postretirement benefits, which is recorded within other income on our Condensed Consolidated Statements of Income. This change is offset within this table as it does not affect our operating expenses.

Operating to Net Income (Full-Year)

(dollars in millions)

	Twelve Months Ended December 31,			
	2023	2022	Variance	
Operating Income	**$ 300.5**	**$ 263.1**	**$ 37.4**	**14.2%**
Interest expense	(114.6)	(100.1)	(14.5)	(14.5)%
Other income, net	15.8	19.4	(3.6)	(18.6)%
Income Before Taxes	**201.6**	**182.4**	**19.2**	**10.5%**
Income tax (expense) / benefit	(7.5)	0.6	(8.1)	(1350)%
Net Income	**$ 194.1**	**$ 183.0**	**$ 11.1**	**6.1%**

$14.5 million increase in interest expense was primarily due to higher borrowings and interest rates, partly offset by higher capitalization of AFUDC.

$3.6 million decrease in other income, net was primarily due to an increase in the non-service cost component of pension expense, partly offset by the prior year CREP penalty and higher capitalization of AFUDC.

$8.1 million increase in income tax expense was primarily due to higher pre-tax income and lower permanent or flow through adjustments.

Appendix

Tax Reconciliation (Full-Year)

(in millions)

	Twelve Months Ended December 31,				
	2023		2022		Variance
Income Before Income Taxes	**$201.6**		**$182.4**		**$19.2**
Income tax calculated at federal statutory rate	42.4	21.0%	38.3	21.0%	4.1
Permanent or flow through adjustments:					
State income taxes, net of federal provisions	0.6	0.3%	0.6	0.3%	-
Flow - through repairs deductions	(25.9)	(12.9%)	(22.7)	(12.4%)	(3.2)
Production tax credits	(10.3)	(5.1%)	(13.2)	(7.2%)	2.9
Unregulated Tax Cuts and Jobs Act excess deferred income taxes	(3.4)	(1.7%)	-	-	(3.4)
Release of unrecognized tax benefits	(3.2)	(1.6%)	-	-	(3.2)
Amortization of excess deferred income tax (DIT)	(2.2)	(1.1%)	(1.7)	(0.9%)	(0.5)
Plant and depreciation flow-through items	6.6	3.3%	(0.2)	(0.1%)	6.8
Reduction to previously claimed alternative minimum tax credit	3.2	1.6%	-	-	3.2
Income tax return to accrual adjustment	-	-	(1.4)	(0.8%)	1.4
Other, net	(0.3)	(0.1%)	(0.3)	(0.2%)	-
Sub-total	(34.9)	(17.3%)	(38.9)	(21.3%)	4.0
Income Tax Expense (Benefit)	**$ 7.5**	**3.7%**	**$ (0.6)**	**(0.3%)**	**$ 8.1**

Appendix

Segment Results (Full-Year)

(in thousands)

Twelve Months Ending December 31, 2023	Electric	Gas	Other	Total
Operating revenues	$ 1,068,833	$ 353,310	$ -	$ 1,422,143
Fuel, purchased supply & direct transmission*	262,755	157,507	-	420,262
Utility margin [1]	806,078	195,803	-	1,001,881
Operating and maintenance	166,028	54,496	-	220,524
Administrative and general	83,521	32,657	1,182	117,360
Property and other taxes	120,289	34,323	(1,544)	153,068
Depreciation & depletion	174,071	36,403	-	210,474
Operating Income	262,169	37,924	362	300,455
Interest expense	(84,089)	(15,719)	(14,809)	(114,617)
Other income	11,580	3,344	908	15,832
Income tax (expense) benefit	(14,196)	4,627	2,030	(7,539)
Net income (loss)	$ 175,464	$ 30,176	$ (11,509)	$ 194,131

Twelve Months Ending December 31, 2022	Electric	Gas	Other	Total
Operating revenues	$ 1,106,565	$ 371,272	$ -	$ 1,477,837
Fuel, purchased supply & direct transmission*	324,434	167,577	-	492,011
Utility margin [1]	782,131	203,695	-	985,826
Operating and maintenance	167,798	53,629	-	221,427
Administrative and general	82,405	31,002	369	113,776
Property and other taxes	149,781	42,734	9	192,524
Depreciation & depletion	162,404	32,616	-	195,020
Operating Income (loss)	219,743	43,714	(378)	263,079
Interest expense	(74,420)	(13,030)	(12,660)	(100,110)
Other income	12,491	6,399	544	19,434
Income tax benefit (expense)	798	(3,108)	2,915	605
Net income (loss)	$ 158,612	$ 33,975	$ (9,579)	$ 183,008

** Direct Transmission expense excludes depreciation and depletion*

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

Appendix

Electric Segment (Full-Year)

	Twelve Months Ended December 31,							
	Revenues		Change		Megawatt Hours (MWH)		Average Customer Counts	
	2023	2022	$	%	2023	2022	2023	2022
	(in thousands)							
Montana	$ 408,341	$ 357,384	$ 50,957	14.3 %	2,795	2,868	322,489	316,968
South Dakota	67,888	69,809	(1,921)	(2.8) %	603	596	51,261	51,069
Residential	**476,229**	**427,193**	**49,036**	**11.5 %**	**3,398**	**3,464**	**373,750**	**368,037**
Montana	431,357	368,634	62,723	17.0 %	3,238	3,237	74,438	73,093
South Dakota	103,194	108,202	(5,008)	(4.6) %	1,101	1,114	12,973	12,897
Commercial	**534,551**	**476,836**	**57,715**	**12.1 %**	**4,339**	**4,351**	**87,411**	**85,990**
Industrial	45,958	39,773	6,185	15.6 %	2,660	2,590	79	76
Other	32,756	31,007	1,749	5.6 %	134	161	6,443	6,406
Total Retail Electric	**1,089,494**	**974,809**	**114,685**	**11.8 %**	**10,531**	**10,566**	**467,683**	**460,509**
Regulatory amortization	(105,608)	46,382	(151,990)	(327.7) %				
Transmission	78,436	77,791	645	0.8 %				
Wholesale and other	6,511	7,583	(1,072)	(14.1) %				
Total Revenues	**1,068,833**	**1,106,565**	**(37,732)**	**(3.4) %**				
Total fuel, purchased supply & direct transmission expense*	262,755	324,434	(61,679)	(19.0) %				
Utility Margin [1]	**$ 806,078**	**$ 782,131**	**$ 23,947**	**3.1 %**				

** Direct transmission expense is exclusive of depreciation and depletion expense*

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

Appendix

Natural Gas Segment (Full-Year)

Twelve Months Ended December 31,

	Revenues		Change		Dekatherms (Dkt)		Average Customer Counts	
	2023	2022	$	%	2023	2022	2023	2022
	(in thousands)							
Montana	$ 136,097	$ 152,343	$ (16,246)	(10.7) %	14,008	15,319	183,810	181,879
South Dakota	36,638	39,178	(2,540)	(6.5) %	3,179	3,280	42,053	41,524
Nebraska	35,539	35,756	(217)	(0.6) %	2,581	2,558	37,793	37,693
Residential	**208,274**	**227,277**	**(19,003)**	**(8.4) %**	**19,768**	**21,157**	**263,656**	**261,096**
Montana	73,721	79,274	(5,553)	(7.0) %	8,036	8,329	25,725	25,319
South Dakota	25,869	28,487	(2,618)	(9.2) %	3,169	2,981	7,232	7,058
Nebraska	22,114	22,071	43	0.2 %	1,916	1,846	5,023	5,003
Commercial	**121,704**	**129,832**	**(8,128)**	**(6.3) %**	**13,121**	**13,156**	**37,980**	**37,380**
Industrial	1,392	1,520	(128)	(8.4) %	157	163	232	232
Other	1,681	1,932	(251)	(13.0) %	209	232	190	178
Total Retail Electric	**$ 333,051**	**$ 360,561**	**$ (27,510)**	**(7.6) %**	**33,255**	**34,708**	**302,058**	**298,886**
Regulatory amortization	(25,012)	(27,964)	2,952	(10.6) %				
Wholesale and other	45,271	38,675	6,596	17.1 %				
Total Revenues	**$ 353,310**	**$ 371,272**	**$ (17,962)**	**(4.8) %**				
Total fuel, purchased supply & direct transmission expense*	$ 157,507	$ 167,577	$ (10,070)	(6.0) %				
Utility Margin[1]	**$ 195,803**	**$ 203,695**	**$ (7,892)**	**(3.9) %**				

** Direct transmission expense is exclusive of depreciation and depletion expense*

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

Appendix

Balance Sheet

(dollars in millions)	As of December 31, 2023	As of December 31, 2022
Cash and cash equivalents	$ 9.2	$ 8.5
Restricted cash	16.0	$ 14.0
Accounts receivable, net	212.3	$ 245.0
Inventories	114.5	$ 107.4
Other current assets	55.0	$ 164.1
Goodwill	357.6	$ 357.6
PP&E and other non-current assets	6,836.1	$ 6,421.4
Total Assets	**$ 7,600.7**	**$ 7,317.8**
Payables	124.3	201.5
Other current liabilities	307.3	271.7
Total debt & capital leases	2,793.4	2,630.8
Other non-current liabilities	1,590.3	1,548.6
Shareholders' equity	2,785.3	2,665.2
Total Liabilities and Equity	**$ 7,600.7**	**$ 7,317.8**
Capitalization:		
Total Debt & Capital Leases	2,793.4	2,630.8
Less: Basin Creek Capital Lease	(8.8)	(11.9)
Shareholders' Equity	2,785.3	2,665.2
Total Capitalization	**$ 5,569.9**	**$ 5,284.1**
Ratio of Debt to Total Capitalization	**50.0%**	**49.6%**

Debt to Total Capitalization remains at the bottom of our targeted 50% - 55% range.

Appendix

Full Year Cash Flow

(dollars in millions)	Twelve Months Ending December 31, 2023	2022
Operating Activities		
Net Income	$ 194.1	$ 183.0
Non-Cash adjustments to net income	210.1	183.1
Changes in working capital	115.6	(37.0)
Other non-current assets & liabilities	(30.6)	(21.9)
Cash provided by Operating Activities	**489.2**	**307.2**
Cash used in Investing Activities	**(570.8)**	**(516.8)**
Cash provided by Financing Activities	**84.3**	**213.3**
Cash provided by Operating Activities	**$ 489.2**	**$ 307.2**
Less: Changes in working capital	115.6	(37.0)
Funds from Operations	**$ 373.6**	**$ 344.2**
PP&E additions	566.9	515.1
Capital expenditures included in trade accounts payable	(22.4)	35.7
AFUDC Credit	17.6	14.2
Total Capital Investment	**$ 562.1**	**$ 565.0**

Cash from Operating Activities increased by $182.0 million driven primarily by a $123.9 million increase in collection of energy supply costs from customers and Montana rates.

Funds from Operations increased by $29.4 million over prior period.

Net Under-Collected Supply Costs
(in millions)

	Beginning (Jan. 1)	Ending (Dec. 31)	(Outflow) / Inflow
2022	$99.1	$115.4	**$(16.3)**
2023	$115.4	$7.8	**$107.6**
		2023 Improvement	**$123.9**

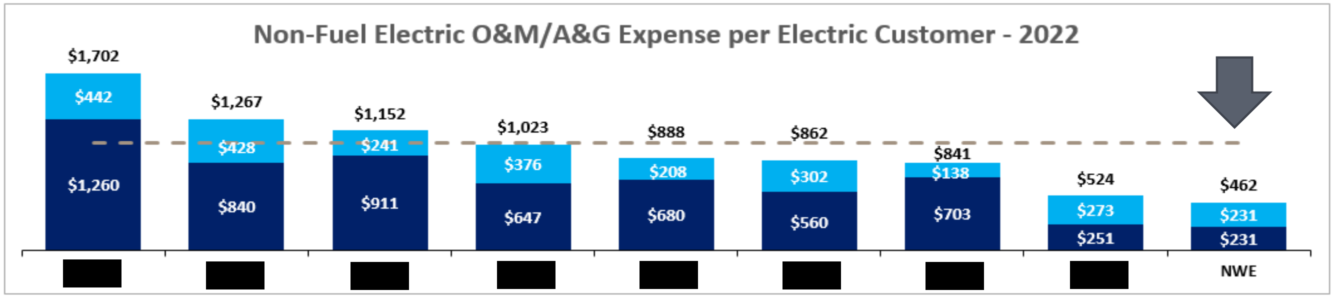
Equity Issuances in 2023
- Issued remaining $73.6 million of common stock under our At-the-Market program

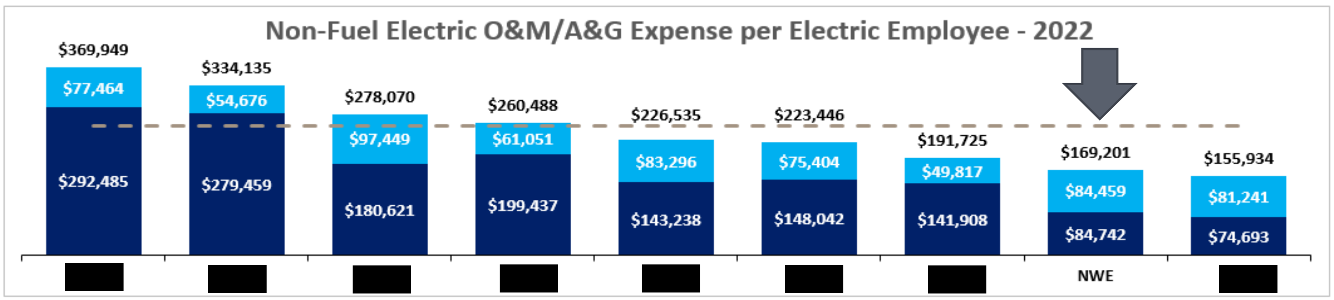
Financing plans (targeting a FFO to Debt ratio > 14%) are expected to maintain our current credit ratings and are subject to change.

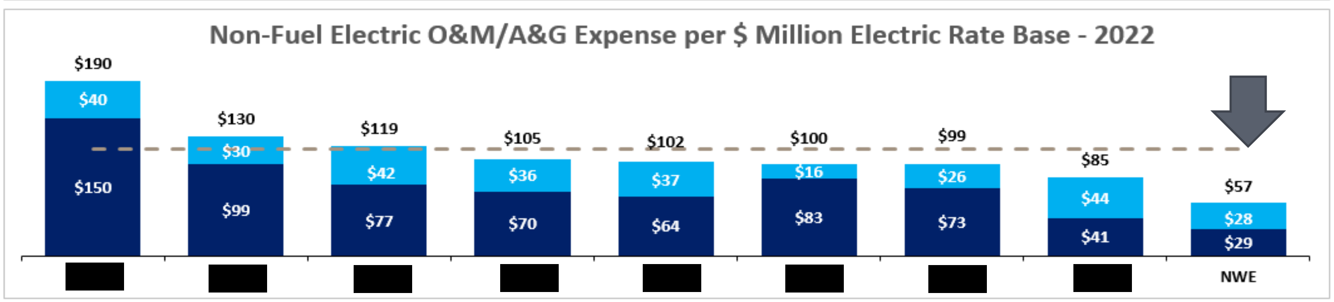
Debt financing in 2023
- Issued $239 million, 5.57% coupon, 10 year Montana FMBs priced in Q1
- Issued $31 million, 5.57% coupon, 10 year South Dakota FMB's priced in Q1
- Issued $30 million, 5.42% coupon, 10 year, South Dakota FMBs in Q2
- Refinanced $144.7 million, 3.88% coupon, 5 year Pollution Control Revenue Refunding Bonds in Q2

Appendix

Disciplined Expense Program







Per Customer…
Per Employee…
Per Rate Base…

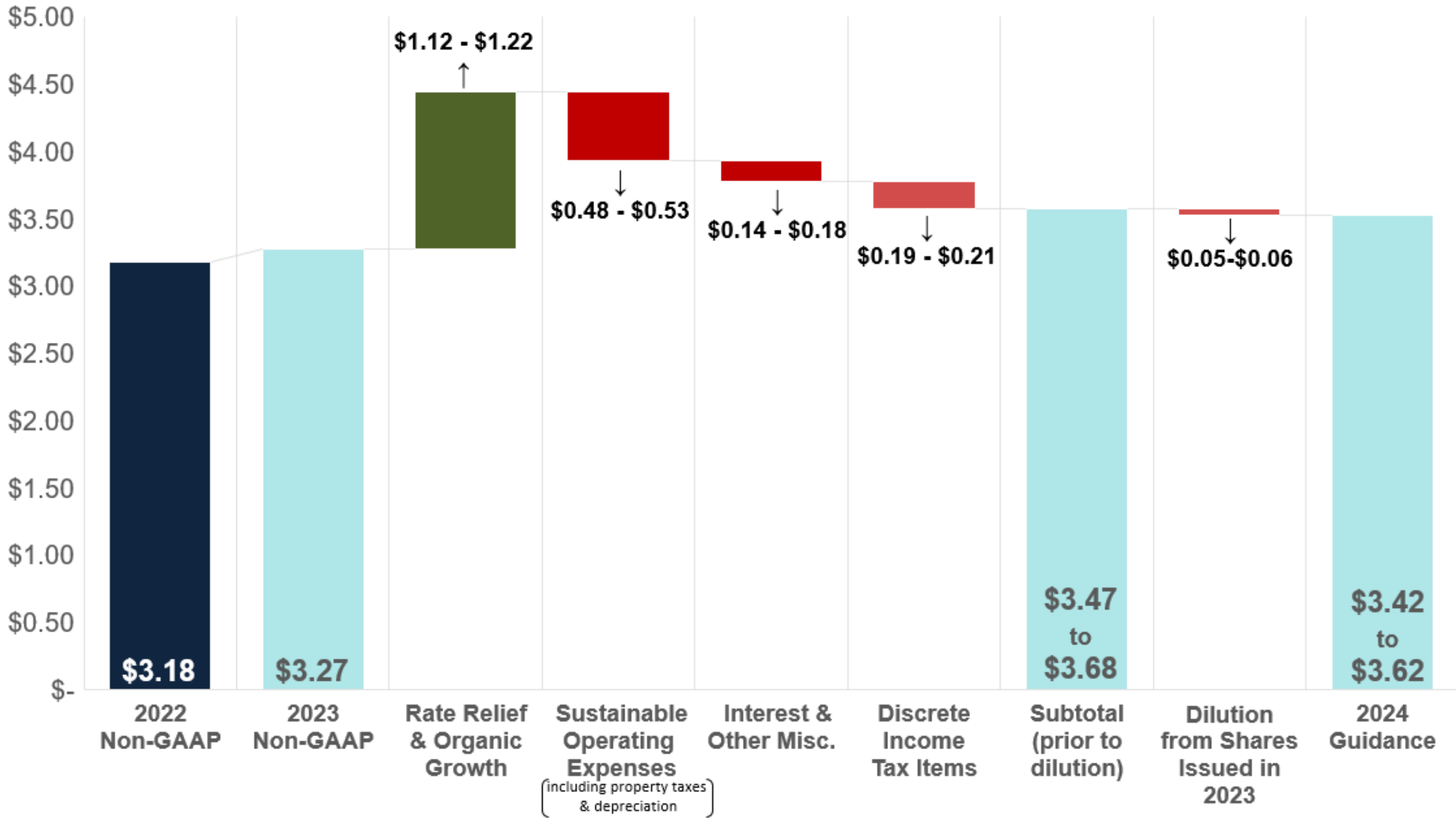
NorthWestern maintains best-in-class expense efficiency among our regional peers.

A&G Expense
O&M Expense

Source: FERC Form 1 Reports - 2022 expenses and company filings through S&P Global IQ
Electric Non-Fuel O&M excludes fuel and steam costs for power generation, water costs for hydro operations and purchased power cost unless identified in company disclosures, electric employees are allocated by electric rate base weighting to total rate base

Appendix

2024 Earnings Bridge



This guidance range is based upon, but not limited to, the following major assumptions:

- Normal weather in our service territories;
- An effective income tax rate of approximately 12%-14%; and
- Diluted average shares outstanding of approximately 61.3 million.

Appendix

PCCAM Impact by Quarter

Pretax millions – shareholder (detriment) benefit

	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)**
					Full Year
'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**
					Full Year
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)**
					Full Year
'20/'21 Tracker	($0.8)	($0.5)			($1.3)
'21/'22 Tracker			($2.7)	($1.4)	($4.1)
2021 (Expense) Benefit	**($0.8)**	**($0.5)**	**($2.7)**	**($1.4)**	**($5.4)**
	Q1	***Q2***	***Q3***	***Q4***	***Full Year***
'21/'22 Tracker	($0.8)	($0.8)			($1.6)
'22/'23 Tracker			($3.9)	($1.7)	($5.6)
2022 (Expense) Benefit	**($0.8)**	**($0.8)**	**($3.9)**	**($1.7)**	**($7.2)**
	Q1	***Q2***	***Q3***	***Q4***	***Year-to-Date***
'22/'23 Tracker	$0.5	$2.1			$2.6
Retro-active application of PCCAM base				$3.2	$3.2
'23/'24 Tracker			$0.1	$1.1	$1.2
2023 (Expense) Benefit	**$0.5**	**$2.1**	**$0.1**	**$4.3**	**$7.0**
Year-over-Year Variance	***$1.3***	***$2.9***	***$4.0***	***$6.0***	***$14.2***

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. In 2023, the PCCAM base increased from the Montana rate review, supporting a benefit in 2023 as compared to expense in 2021 & 2022.

Appendix

Qualified Facility Earnings Adjustment

(Millions)	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	(0.4) Non-GAAP Adj.	**($0.4)**
Jun-22	$3.3	1.8	0.0	**$5.1**
Jun-23	$4.2	0.8	0.0	**$5.0**
Year-over-Year Better (Worse)				
2013	($47.9)	1.0	0.0	**($46.9)**
2014	$0.0	(1.0)	0.0	**($1.0)**
2015	($6.1)	1.8	0.0	**($4.3)**
2016	$6.1	0.0	0.0	**$6.1**
2017	$0.0	0.3	0.0	**$0.3**
2018	$17.5	7.6	0.0	**$25.1**
2019	($14.2)	(6.6)	0.0	**($20.8)**
2020	($1.1)	(2.2)	0.0	**($3.3)**
2021	($4.3)	$1.7	$7.0	**$4.4**
2022	$5.4	($0.8)	($7.0)	**($2.4)**
2023	$0.9	($1.0)	$0.0	**($0.1)**

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.

Appendix

Reconciling Gross Margin to Utility Margin

Reconciliation of Gross Margin to Utility Margin for Quarter Ending December 31,

	Electric		Natural Gas		Total	
	2023	2022	2023	2022	2023	2022
(in millions)						
Reconciliation of gross margin to utility margin						
Operating Revenues	$ 264.2	$ 299.1	$ 91.8	$ 126.2	$ 356.0	$ 425.3
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown	64.2	93.5	34.0	59.5	98.2	153.0
Less: Operating & maintenance expense	42.2	46.6	14.3	14.0	56.5	60.6
Less: Property and other tax expense	17.3	40.6	4.7	11.7	22.0	52.3
Less: Depreciation and depletion expense	43.6	41.1	9.1	8.2	52.7	49.3
Gross Margin	**96.9**	**77.3**	**29.7**	**32.8**	**126.6**	**110.1**
Plus: Operating & maintenance expense	42.2	46.6	14.3	14.0	56.5	60.6
Plus: Property and other tax expense	17.3	40.6	4.7	11.7	22.0	52.3
Plus: Depreciation and depletion	43.6	41.1	9.1	8.2	52.7	49.3
Utility Margin (1)	**$ 200.0**	**$ 205.6**	**$ 57.8**	**$ 66.7**	**$ 257.8**	**$ 272.3**

Reconciliation of Gross Margin to Utility Margin for Twelve Months Ending December 31,

	Electric		Natural Gas		Total	
	2023	2022	2023	2022	2023	2022
(in millions)						
Reconciliation of gross margin to utility margin						
Operating Revenues	$ 1,068.8	$ 1,106.5	$ 353.3	$ 371.3	$ 1,422.1	$ 1,477.8
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown	262.7	324.4	157.5	167.6	420.2	492.0
Less: Operating & maintenance expense	166.0	167.8	54.5	53.6	220.5	221.4
Less: Property and other tax expense	120.3	149.8	34.3	42.7	154.6	192.5
Less: Depreciation and depletion expense	174.1	162.4	36.4	32.6	210.5	195.0
Gross Margin	**345.7**	**302.1**	**70.6**	**74.8**	**416.3**	**376.9**
Plus: Operating & maintenance expense	166.0	167.8	54.5	53.6	220.5	221.4
Plus: Property and other tax expense	120.3	149.8	34.3	42.7	154.6	192.5
Plus: Depreciation and depletion	174.1	162.4	36.4	32.6	210.5	195.0
Utility Margin (1)	**$ 806.1**	**$ 782.1**	**$ 195.8**	**$ 203.7**	**$ 1,001.9**	**$ 985.8**

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.

(1) Utility Margin is a non-GAAP Measure.

Fourth Quarter Appendix

Appendix

Financial Results (Q4)

(in millions except per share amounts)

	Three Months Ended December 31,			
	2023	2022	Variance	% Variance
Operating Revenues	$ 356.0	$ 425.2	$ (69.2)	(16.3%)
Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion)	98.2	152.9	(54.7)	(35.8%)
Utility Margin[1]	**257.8**	**272.3**	**(14.5)**	**(5.3%)**
Operating Expenses				
Operating and maintenance	56.6	60.7	(4.1)	(6.8%)
Administrative and general	23.3	26.8	(3.5)	(13.1%)
Property and other taxes	22.0	52.2	(30.2)	(57.9%)
Depreciation and depletion	52.7	49.3	3.4	6.9%
Total Operating Expenses	**154.6**	**189.0**	**(34.4)**	**(18.2%)**
Operating Income	**103.2**	**83.3**	**19.9**	**23.9%**
Interest expense	(29.5)	(27.1)	(2.4)	(8.9%)
Other income, net	2.9	7.6	(4.7)	(61.8%)
Income Before Taxes	**76.6**	**63.8**	**12.8**	**20.1%**
Income tax benefit	6.5	2.9	3.6	(124.1%)
Net Income	**$ 83.1**	**$ 66.7**	**$ 16.4**	**24.6%**
Effective Tax Rate	(8.6%)	(4.5%)	(4.1%)	
Diluted Shares Outstanding	61.3	58.5	2.8	4.8%
Diluted Earnings Per Share	$1.37	$1.16	$ 0.21	18.1%
Dividends Paid per Common Share	$ 0.64	$ 0.63	$ 0.01	1.6%

Decrease in revenues is primarily related to pass-through property tax and supply trackers and non-cash regulatory amortizations.

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

Appendix

Utility Margin (Q4)

(dollars in millions)

	Three Months Ended December 31,			
	2023	2022	Variance	
Electric	$ 200.0	$ 205.6	$ (5.6)	(2.7)%
Natural Gas	57.8	66.7	(8.9)	(13.3)%
Total Utility Margin	**$ 257.8**	**$ 272.3**	**$ (14.5)**	**(5.3)%**

Decrease in utility margin due to the following factors:

$ 9.2	Higher Montana rates
8.0	Higher Montana property tax tracker collection
5.9	Lower non-recoverable Montana electric supply
1.6	Higher electric transmission revenue
0.4	Higher Montana natural gas transportation revenue
(6.0)	Lower natural gas retail volumes
(3.8)	Lower electric retail volumes
(0.6)	Other
$ 14.7	**Change in Utility Margin Impacting Net Income**
$ (28.1)	Lower property taxes recovered in revenue, offset in property tax expense
(1.7)	Lower operating expenses recovered in revenue, offset in operating expense
(0.1)	Lower natural gas production taxes recovered in revenue, offset in property & other taxes
0.7	Higher revenue from production tax credits, offset in income tax expense
$ (29.2)	**Change in Utility Margin Offset Within Net Income**
$ (14.5)	**Decrease in Utility Margin**

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

Operating Expenses (Q4)

(dollars in millions)

	Three Months Ended December 31,			
	2023	2022	Variance	
Operating & maintenance	$ 56.6	$ 60.7	$ (4.1)	(6.8)%
Administrative & general	23.3	26.8	(3.5)	(13.1)%
Property and other taxes	22.0	52.2	(30.2)	(57.9)%
Depreciation and depletion	52.7	49.3	3.4	6.9%
Operating Expenses	**$ 154.6**	**$ 189.0**	**$ (34.4)**	**(18.2)%**

Decrease in operating expenses due to the following factors:

$ 3.4	Higher depreciation expense
0.6	Higher insurance expense
0.2	Higher materials expense
(2.1)	Lower property and other taxes not recovered in trackers
(1.9)	Lower electric generation facilities expense
(1.4)	Lower labor and benefits expense
(0.3)	Decrease in uncollectible accounts
2.2	Other
$ 0.7	**Change in Operating Expense Items Impacting Net Income**
$ (28.1)	Lower property taxes recovered in trackers, offset in revenue
(5.5)	Lower pension and other postretirement benefits, offset in other income (1)
(1.7)	Lower operating expenses recovered in trackers, offset in revenue
(0.1)	Lower natural gas production taxes recovered in trackers, offset in revenue
0.3	Higher deferred compensation, offset in other income
$ (35.1)	**Change in Operating Expense Items Offset Within Net Income**
$ (34.4)	**Decrease in Operating Expenses**

(1) In order to present the total change in labor and benefits, we have included the change in the non-service cost component of our pension and other postretirement benefits, which is recorded within other income on our Condensed Consolidated Statements of Income. This change is offset within this table as it does not affect our operating expenses.

Operating to Net Income (Q4)

(dollars in millions)

	Three Months Ended December 31,			
	2023	2022	Variance	
Operating Income	**$ 103.2**	**$ 83.3**	**$ 19.9**	**23.9%**
Interest expense	(29.5)	(27.1)	(2.4)	(8.9)%
Other income, net	2.9	7.6	(4.7)	(61.8)%
Income Before Taxes	**76.6**	**63.8**	**12.8**	**20.1%**
Income tax benefit	6.5	2.9	3.6	(124.1)%
Net Income	**$ 83.1**	**$ 66.7**	**$ 16.4**	**24.6%**

$2.4 million increase in interest expenses was primarily due to higher interest rates and higher borrowings, partly offset by higher capitalization of AFUDC.

$4.7 million decrease in other income, net was primarily due to an increase in the non-service component of pension expense, partly offset by higher capitalization of AFUDC.

$3.6 million increase in income tax benefit was primarily due to higher permanent or flow through adjustments partially offset by higher pre-tax income.

Appendix

Tax Reconciliation (Q4)

(in millions)	Three Months Ended December 31,				
	2023		2022		Variance
Income Before Income Taxes	**$76.6**		**$63.8**		12.8
Income tax calculated at federal statutory rate	16.1	21.0%	13.4	21.0%	2.7
Permanent or flow through adjustments:					
State income taxes, net of federal provisions	(0.8)	(1.0%)	(0.4)	(0.6%)	(0.4)
Flow - through repairs deductions	(14.2)	(18.6%)	(9.2)	(14.5%)	(5.0)
Production tax credits	(4.7)	(6.2%)	(5.1)	(8.0%)	0.4
Unregulated Tax Cuts and Jobs Act excess deferred income taxes	(3.4)	(4.4%)	-	-	(3.4)
Release of unrecognized tax benefits	(3.2)	(4.3%)	-	-	(3.2)
Amortization of excess deferred income tax (DIT)	(0.8)	(1.0%)	(0.9)	(1.4%)	0.1
Plant and depreciation flow-through items	5.4	7.0%	(0.6)	(0.9%)	6.0
Income tax return to accrual adjustment	(0.4)	(0.5%)	(0.5)	(0.8%)	0.1
Share-based compensation	(0.4)	(0.5%)	0.3	0.5%	(0.7)
Other, net	(0.1)	(0.1%)	0.1	0.2%	(0.2)
Sub-total	(22.6)	(29.6%)	(16.3)	(25.5%)	(6.3)
Income Tax Expense (Benefit)	**$ (6.5)**	**-8.6%**	**$ (2.9)**	**-4.5%**	**$ (3.6)**

Appendix

Segment Results (Q4)

(in thousands)

Three Months Ending December 31, 2023	Electric	Gas	Other	Total
Operating revenues	$ 264,229	$ 91,780	$ -	$ 356,009
Fuel, purchased supply & direct transmission*	64,263	33,986	-	98,249
Utility margin[1]	199,966	57,794	-	257,760
Operating and maintenance	42,257	14,326	-	56,583
Administrative and general	16,236	6,321	745	23,302
Property and other taxes	17,276	4,747	2	22,025
Depreciation & depletion	43,624	9,063		52,687
Operating income (loss)	80,573	23,337	(747)	103,163
Interest expense	(22,505)	(3,552)	(3,416)	(29,473)
Other income (expense)	1,880	(543)	1,569	2,906
Income tax (expense) benefit	(830)	4,807	2,569	6,546
Net income (loss)	$ 59,118	$ 24,049	$ (25)	$ 83,142

Three Months Ending December 31, 2022	Electric	Gas	Other	Total
Operating revenues	$ 299,150	$ 126,133	$ -	$ 425,283
Fuel, purchased supply & direct transmission*	93,562	59,455	-	153,017
Utility margin[1]	205,588	66,678	-	272,266
Operating and maintenance	46,561	14,081	-	60,642
Administrative and general	18,814	7,245	707	26,766
Property and other taxes	40,577	11,736	2	52,315
Depreciation & depletion	41,148	8,167	-	49,315
Operating income (loss)	58,488	25,449	(709)	83,228
Interest expense	(18,389)	(3,079)	(5,561)	(27,029)
Other income	5,246	1,730	667	7,643
Income tax benefit (expense)	3,588	(1,845)	1,159	2,902
Net income (loss)	$ 48,933	$ 22,255	$ (4,444)	$ 66,744

** Direct Transmission expense excludes depreciation and depletion*

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

Appendix

Electric Segment (Q4)

	Three Months Ended December 31,							
	Revenues		Change		Megawatt Hours (MWH)		Average Customer Counts	
	2023	2022	$	%	2023	2022	2023	2022
	(in thousands)							
Montana	$ 102,227	$ 104,491	$ (2,264)	(2.2) %	692	751	324,565	318,975
South Dakota	14,480	14,831	(351)	(2.4) %	122	126	51,372	51,291
Residential	**116,707**	**119,322**	**(2,615)**	**(2.2) %**	**814**	**877**	**375,937**	**370,266**
Montana	106,725	105,210	1,515	1.4 %	803	817	74,872	73,650
South Dakota	25,458	25,030	428	1.7 %	267	265	12,977	12,942
Commercial	**132,183**	**130,240**	**1,943**	**1.5 %**	**1,070**	**1,082**	**87,848**	**86,592**
Industrial	11,972	11,347	625	5.5 %	699	679	79	77
Other	5,527	5,642	(115)	(2.0) %	15	19	6,320	6,159
Total Retail Electric	**266,389**	**266,551**	**(162)**	**(0.1) %**	**2,598**	**2,657**	**470,185**	**463,094**
Regulatory amortization	(25,523)	10,295	(35,818)	(347.9) %				
Transmission	21,344	19,656	1,688	8.6 %				
Wholesale and other	2,019	2,648	(629)	(23.8) %				
Total Revenues	**264,229**	**299,150**	**(34,921)**	**(11.7) %**				
Total fuel, purchased supply & direct transmission expense*	64,263	93,562	(29,299)	(31.3) %				
Utility Margin [1]	**199,966**	**205,588**	**(5,622)**	**(2.7) %**				

** Direct transmission expense is exclusive of depreciation and depletion expense*

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

Appendix

Natural Gas Segment (Q4)

Three Months Ended December 31,

	Revenues 2023	Revenues 2022	Change $	Change %	Dekatherms (Dkt) 2023	Dekatherms (Dkt) 2022	Average Customer Counts 2023	Average Customer Counts 2022
	(in thousands)							
Montana	$ 42,023	$ 60,674	$ (18,651)	(30.7) %	4,802	5,850	184,482	182,630
South Dakota	6,341	7,492	(1,151)	(15.4) %	622	714	42,329	41,948
Nebraska	5,318	9,728	(4,410)	(45.3) %	528	598	37,916	37,868
Residential	**53,682**	**77,894**	**(24,212)**	**(31.1) %**	**5,952**	**7,162**	**264,727**	**262,446**
Montana	21,328	30,461	(9,133)	(30.0) %	2,580	3,038	25,865	25,437
South Dakota	4,580	5,457	(877)	(16.1) %	784	667	7,276	7,151
Nebraska	2,995	6,067	(3,072)	(50.6) %	388	435	5,040	5,049
Commercial	**28,903**	**41,985**	**(13,082)**	**(31.2) %**	**3,752**	**4,140**	**38,181**	**37,637**
Industrial	397	630	(233)	(37.0) %	50	63	232	233
Other	399	551	(152)	(27.6) %	54	61	193	182
Total Retail Electric	**$ 83,381**	**$ 121,060**	**$ (37,679)**	**(31.1) %**	**9,808**	**11,426**	**303,334**	**300,498**
Regulatory amortization	(3,700)	(5,776)	2,076	(35.9) %				
Wholesale and other	12,099	10,849	1,250	11.5 %				
Total Revenues	**$ 91,780**	**$ 126,133**	**$ (34,353)**	**(27.2) %**				
Total fuel, purchased supply & direct transmission expense*	$ 33,986	$ 59,455	$ (25,469)	(42.8) %				
Utility Margin	**$ 57,794**	**$ 66,678**	**$ (8,884)**	**(13.3) %**				

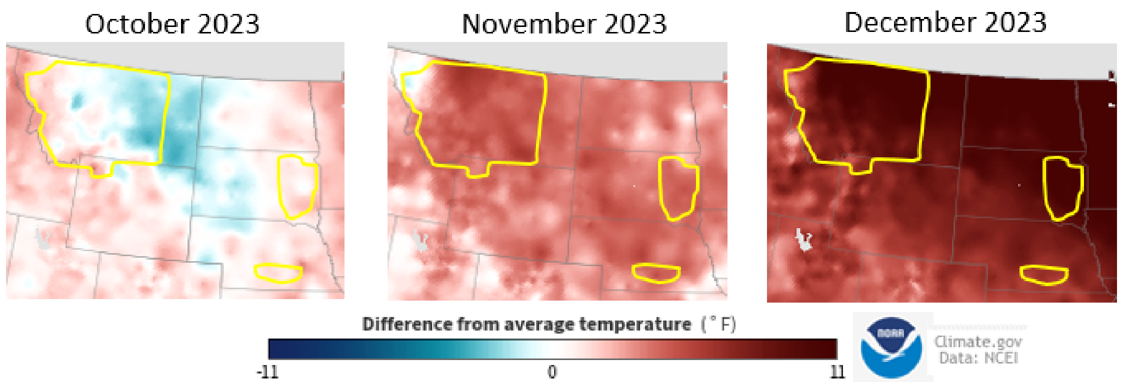
(1) Utility Margin is a non-GAAP Measure See appendix slide titled "Explaining Utility Margin" for additional disclosure.

** Direct transmission expense is exclusive of depreciation and depletion expense*

Appendix

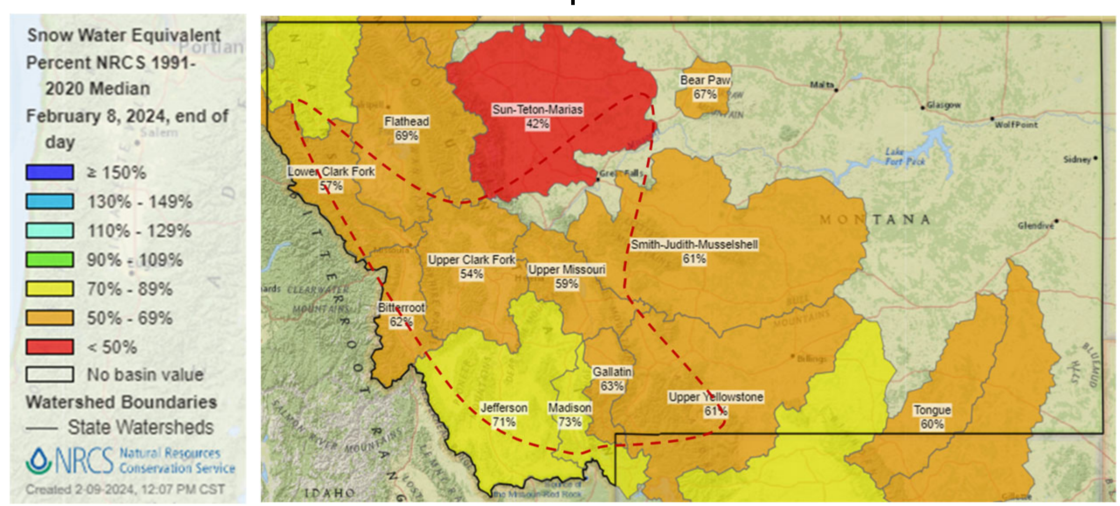
Weather and Hydro Conditions (Q4)

Mean Temperature Departures from Average



We estimated a $5.2 million pre-tax detriment as compared to normal and a $7.5 million detriment as compared to Q4 2022.

Snow Water Equivalent vs. 30-Year Median



Snow water equivalents 42% to 73% of the 30-year medians for our hydro territory.

Appendix

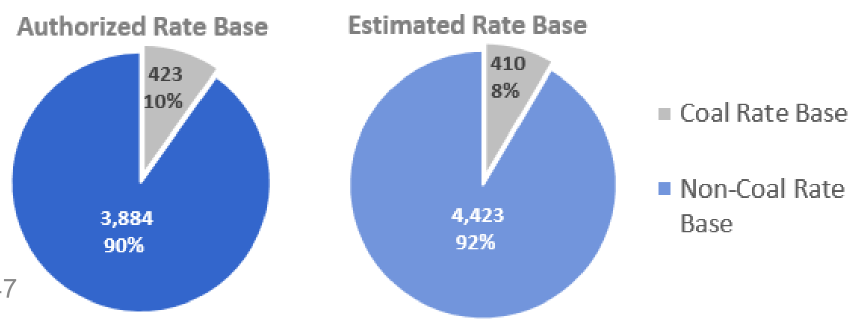
Rate Base & Authorized Return Summary

Estimate as of 12/31/2023

Jurisdiction and Service	Implementation Date	Authorized Rate Base (millions)	Year-end Estimated Rate Base (millions)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Equity Level
Montana electric delivery and production (1)	November 2023	$ 2,565.5	$ 2,874.8	6.72%	9.65%	48.02%
Montana - Colstrip Unit 4	November 2023	$ 276.9	$ 257.7	8.25%	10.00%	50.00%
Montana natural gas delivery and production (2)	November 2023	$ 582.8	$ 744.1	6.67%	9.55%	48.02%
Total Montana		$ 3,425.2	$ 3,876.6			
South Dakota electric (3) (4)	January 2024	$ 791.8	$ 810.3	6.81%	n/a	n/a
South Dakota natural gas (3)	December 2011	$ 65.9	$ 95.8	7.80%	n/a	n/a
Total South Dakota		$ 857.7	$ 906.1			
Nebraska natural gas (3)	December 2007	$ 24.3	$ 50.1	8.49%	10.40%	n/a
Total NorthWestern Energy		**$ 4,307.2**	**$ 4,832.8**			

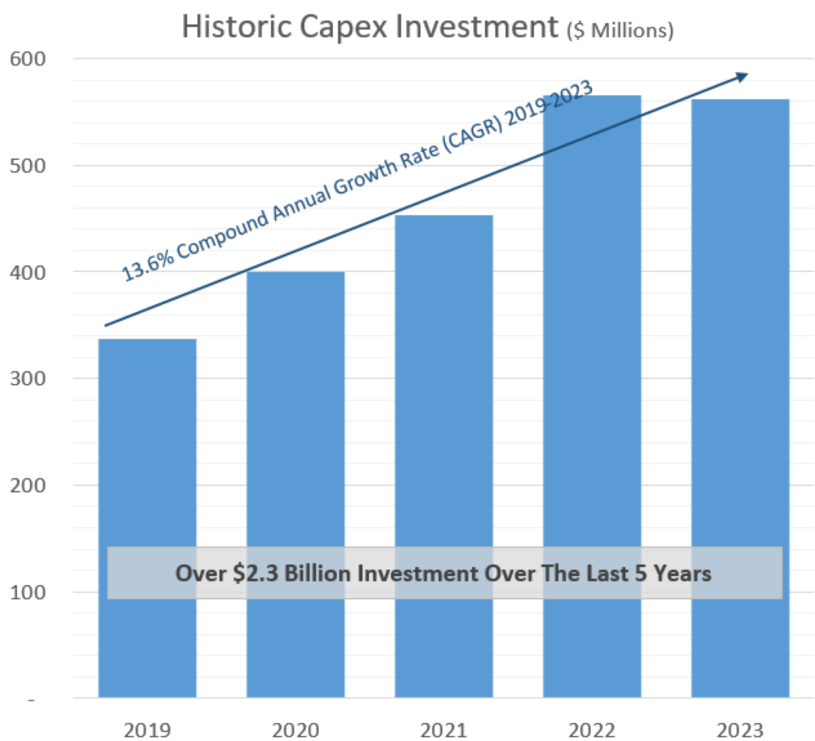
(1) The revenue requirement associated with the FERC regulated portion of Montana electric transmission and ancillary services are included as revenue credits to our MPSC jurisdictional customers. Therefore, we do not separately reflect FERC authorized rate base or authorized returns.
(2) The Montana 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.
(4) On June 15, 2023, we filed a South Dakota electric rate review filing (2022 test year) with the South Dakota Public Utility Commission

Coal Generation Rate Base as a percentage of Total Rate Base

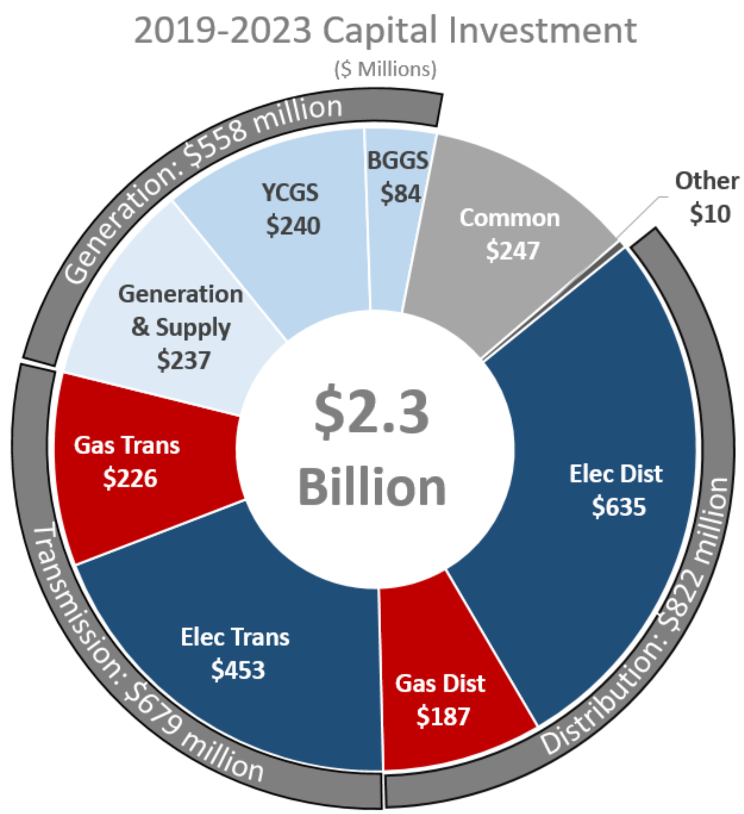


Revenue from coal generation is not easily identifiable due to the use of bundled rates in South Dakota and other rate design and accounting considerations. However, NorthWestern is a fully regulated utility company for which rate base is the primary driver for earnings. The data to the left illustrates that NorthWestern only derives approximately 9 -14% of earnings from its jointly owned coal generation rate base.

Historic 5-Year Capital Investment



Capex shown above is from the "Cash From Investing" portion of the Cash Flow Statement, AFUDC Credit as reported on our cash flow statement and capital expenditures in trade accounts payable from our Supplemental Cash Flow Information section of our 10-K



$2.3 billion invested into our operations over the last five years of which 65% was transmission and distribution.

Montana General Rate Review

Unanimous MPSC approval of a constructive multi-party settlement

	Interim Granted (Oct.1, '22 to Oct. 31, '23)			Final Settlement (effective Nov. 1, '23)		
($Millions)	*El.*	*N.G.*	*Total*	*El.*	*N.G.*	*Total*
Base Rates - owned electric generation, natural gas production & storage, transmission & distribution	**$29.4**	**$1.7**	**$31.1**	**$67.4**	**$14.1**	**$81.5**
Pass-Through: **PCCAM** - Power Cost & Credit Adjustment Mechanism	$61.1	n/a	$61.1	$69.7	n/a	$69.7
Pass-Through: **Property Tax** (tracker true-up)	$10.8	$2.9	$13.7	$14.5	$4.2	$18.7
Total	**$101.3**	**$4.6**	**$105.9**	**$151.6**	**$18.3**	**$169.9**
Equity Capital Structure				**48.02%**	**48.02%**	**48.02%**
Return on Equity				**9.65%**	**9.55%**	
Rate Base (Millions)				**$2,843**	**$583**	**$3,426**

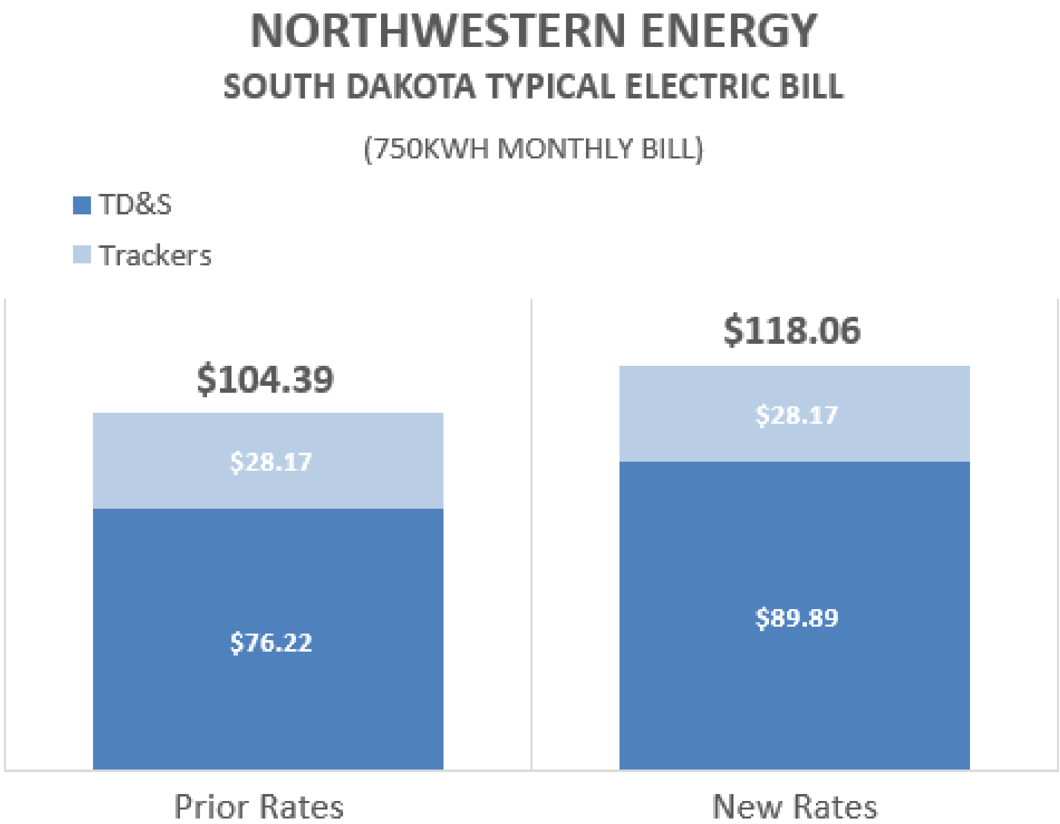
South Dakota Electric Rate Review

Electric

$13.67

Per month

Increase for an average residential electric customer that uses 750 kWh with our new rates.



Colstrip Transfer

Colstrip Transfer Overview

NorthWestern Energy executed an agreement with Avista Corporation (Exit Agreement) for the transfer of Avista's ownership interests in Colstrip Units 3 and 4.

- **Effective date of transfer: December 31, 2025**
- Generating capacity: 222 MW
  (bringing our total ownership to 444 MW)
- **Transfer price: $0.00**
- NorthWestern will be responsible for operational and capital costs beginning January 1, 2026.
  - The agreement does not require approval by the Montana Public Service Commission (MPSC). We expect to work with the MPSC in a future docket for cost recovery in 2026.
  - NorthWestern will have the right to exercise Avista's vote with respect to capital expenditures[1] between now and 2025 with Avista responsible for its pro rata share[2].
- Avista will retain its existing environmental and decommissioning obligations through life of plant.
- Under the Colstrip Ownership & Operating Agreement, each of the owners will have a 90-day period in which to evaluate the transaction between NorthWestern and Avista to determine whether to exercise their respective right of first refusal.
- We filed our Montana Integrated Resource Plan on April 28, 2023. This transaction is expected to satisfy our capacity needs in Montana for at least the next 5 years.

1. Avista retains the vote related to remediation activities.
2. Avista bears its current project share (15%) costs through 2025, other than "Enhancement Work Costs" for which it bears a time-based pro-rata share. Enhancement Work Costs are costs that are not performed on a least-costs basis or are intended to extend the life of the facility beyond 2025. See the Exit Agreement for additional detail.

Appendix

Colstrip Facility Ownership Overview

Mitigating today's capacity crisis while creating a sustainable glide path to the cost-effective carbon-free technologies of tomorrow

	Current Colstrip Ownership Structure (megawatts)		Announced Sep. 12, 2022 — 2026 Exit Agreement: 185 MW of both Units 3 & 4 transfer from Puget Sound → Talen		Executed Jan. 16, 2023 — 2026 Exit Agreement: 111 MW of both Units 3 & 4 transfer from Avista → NorthWestern	
	Unit 3	**Unit 4**	**Unit 3**	**Unit 4**	**Unit 3**	**Unit 4**
Avista	111	111	111	111		
NorthWestern		222		222	111	333
PacifiCorp	74	74	74	74	74	74
Portland	148	148	148	148	148	148
Puget	185	185				
Talen	222		407	185	407	185
Total	**740**	**740**	**740**	**740**	**740**	**740**

NorthWestern is actively working with the other owners to resolve outstanding issues, including the associated pending legal proceedings. Additionally, the owners intend to pursue a mutually beneficial reallocation (swap) of megawatts between the two units that would ideally provide NorthWestern with a controlling (> 370 megawatts) share of Unit 4.

Why Colstrip?

Reliable

- **Existing resource, ready to serve our Montana customers**. Avoids lengthy planning, permitting and construction of a new facility that would stretch in-service beyond 2026.
- Reduces reliance on imported power and volatile markets, providing increased energy independence.
- In-state and on-system asset mitigating the transmission constraints we experience importing capacity.
- Adds critical long-duration, 24/7 on-demand generation necessary for balancing our existing portfolio.

Affordable

- **222 MW of capacity with no upfront capital costs and stable operating costs going forward.**
  - Equivalent new build would cost in excess of $500 million.
  - Incremental operating costs are known and reasonable. Resulting variable generation costs represent a 90%+ discount to market prices incurred during December's polar vortex.
- In addition to no upfront capital, low and stably priced mine-mouth coal supply costs.

Sustainable

- **We remain committed to our net zero goal by 2050.** This additional capacity, with a remaining life of up to 20 years, helps bridge the interim gap and will likely lead to less carbon post 2040.
- Yellowstone County Generating Station is potentially our last natural gas resource addition in Montana.
- Partners are committed to evaluate non-carbon long-duration alternative resources for the site.
- Keeps the existing plant open and retains its highly skilled jobs vital to the Colstrip community.
- Protects existing ownership interests with an ultimate goal of majority ownership of Unit 4.

NorthWestern Energy executed an agreement with Avista Corporation for the transfer of Avista's ownership interests in Colstrip Units 3 & 4.

- Effective date of transfer: 12/31/2025
- Generating capacity: 222 MW
- **Transfer price: $0.00**

Appendix

Why Colstrip?

Reduces Risk

- We are in a supply capacity crisis due to lack of resource adequacy, with approx. 40% of our customers' peak needs on the market. This transaction will reduce our need to import expensive capacity during critical times.
- Establishes clarity regarding operations past 2025 Washington state legislation deadline.
- Reduces PCCAM risk sharing for customers and shareholders.

Bill Headroom

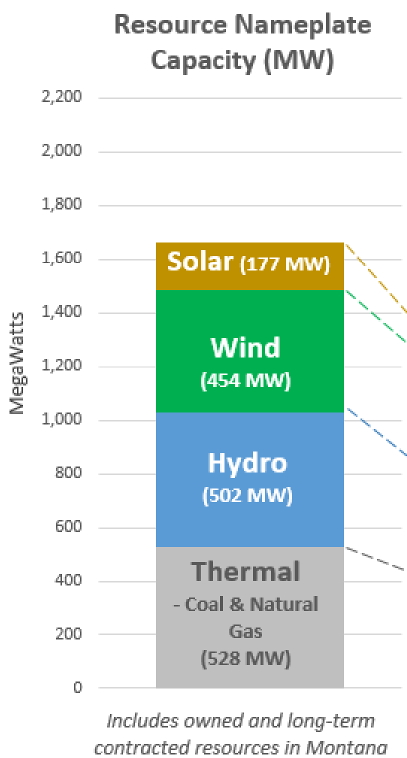
- Stable pricing reduces impact of market volatility and high energy prices on customers.

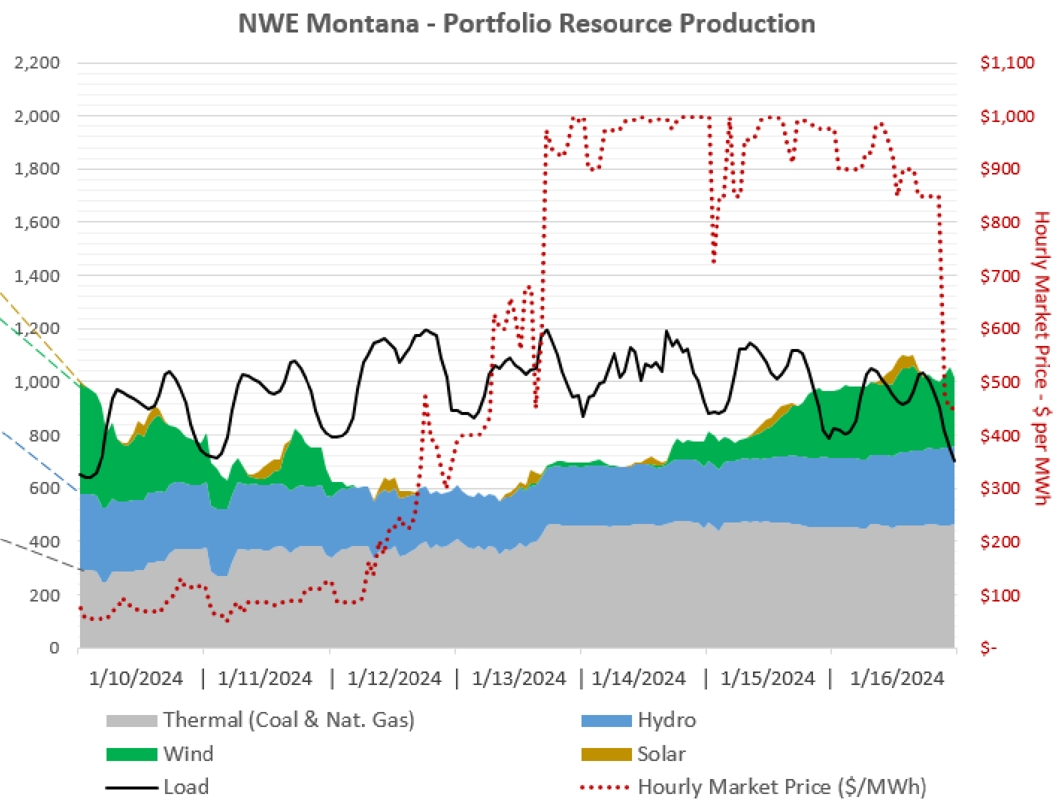
Aligned with 'All of the Above' energy transition in Montana

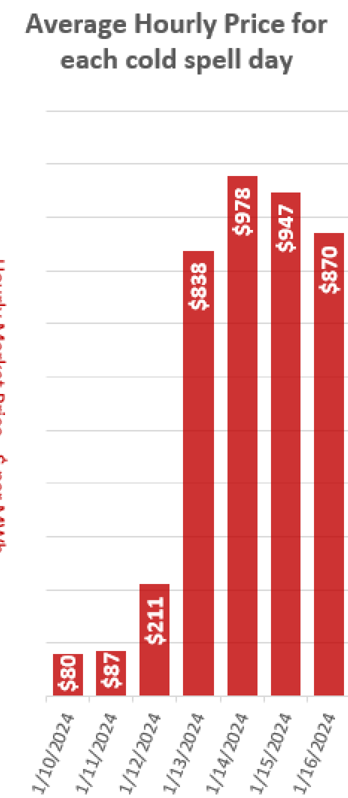
- Supports our generating portfolio that is nearly 60% carbon-free today.
- Provides future opportunity at the site while supporting economic development in Montana.
- Agreement considers the appropriate balance of reliability, affordability and sustainability.

Appendix

January 2024 Cold Weather Event - Montana

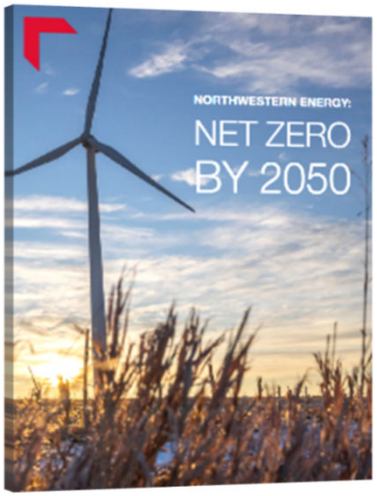




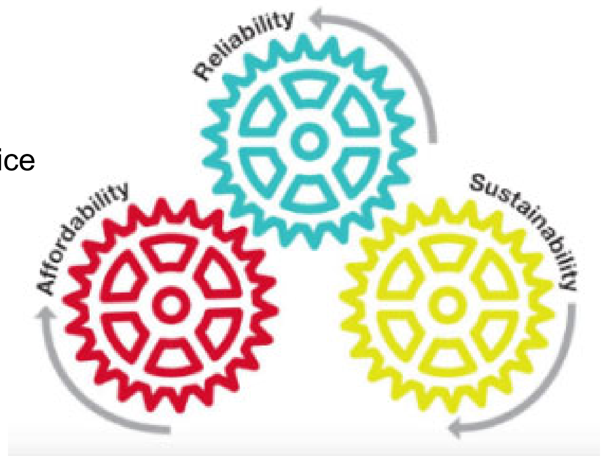


The above charts illustrate our resource nameplate capacity, the actual resource specific contribution of energy, the capacity deficit we faced, and the market price of power during the January 2024 multi-day cold weather event in Montana. As a result of our capacity deficit, we were reliant upon the high and volatile power market a majority of the time to meet customer demand.

Our Net-Zero Vision



Over the past 100 years, NorthWestern Energy has maintained our commitment to provide customers with reliable and affordable electric and natural gas service while also being good stewards of the environment. We have responded to climate change, its implications and risks, by increasing our environmental sustainability efforts and our access to clean energy resources. But more must be done. We are committed to achieving net zero emissions by 2050.



- Committed to achieving net-zero by 2050 for Scope 1 and 2 emissions
- Must balance Affordability, Reliability and Sustainability in this transition
- No new carbon emitting generation additions after 2035
- Pipeline modernization, enhanced leak detection and development of alternative fuels for natural gas business
- Electrify fleet and add charging infrastructure
- Carbon offsets likely needed to ultimately achieve net-zero
- Please visit www.NorthWesternEnergy.com/NetZero to learn more about our Net Zero Vision.

Appendix

Non-GAAP Financial Measures

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

Pre-Tax Adjustments ($ Millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Reported GAAP Pre-Tax Income	**$ 110.4**	**$ 181.2**	**$ 156.5**	**$ 176.1**	**$ 178.3**	**$ 182.2**	**$ 144.2**	**$ 190.2**	**$ 182.4**	**$ 201.6**
Non-GAAP Adjustments to Pre-Tax Income:										
Weather	(1.3)	13.2	15.2	(3.4)	(1.3)	(7.3)	9.8	1.1	(8.9)	4.3
Lost revenue recovery related to prior periods	-	-	(14.2)	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	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	-	-	-	-	-
Community Renewable Energy Project Penalty	-	-	-	-	-	-	-	-	2.5	-
Unplanned Equity Dilution from Hydro transaction					-	-	-	-	-	-
Adjusted Non-GAAP Pre-Tax Income	**$ 115.8**	**$ 179.7**	**$ 169.7**	**$ 172.7**	**$ 168.9**	**$ 174.9**	**$ 163.9**	**$ 184.4**	**$ 176.0**	**$ 205.9**

Tax Adjustments to Non-GAAP Items ($ Millior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GAAP Net Income	**$ 120.7**	**$ 151.2**	**$ 164.2**	**$ 162.7**	**$ 197.0**	**$ 202.1**	**$ 155.2**	**$ 186.8**	**$ 183.0**	**$ 194.1**
Non-GAAP Adjustments Taxed at 38.5% ('12-'17) and 25.3% ('18-currrent):										
Weather	(0.8)	8.1	9.3	(2.1)	(1.0)	(5.5)	7.3	0.8	(6.6)	3.2
Lost revenue recovery related to prior periods	-	-	(8.7)	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	9.5	-	-	-	-	-	-	-	-	-
Exclude unplanned hydro earnings	(5.4)	-	-	-	-	-	-	-	-	-
Remove benefit of insurance settlement	-	(12.8)	-	-	-	-	-	-	-	-
QF liability adjustment	-	3.8	-	-	(13.1)	-	-	(5.2)	-	-
Electric tracker disallowance of prior period costs	-	-	7.5	-	-	-	7.4	-	-	-
Income tax adjustment	(18.5)	-	(12.5)	-	(12.8)	(22.8)	-	-	-	-
Community Renewable Energy Project Penalty									2.5	-
Unplanned Equity Dilution from Hydro transaction										-
Previously claimed AMT Credit									-	3.2
Natural Gas Safe Harbor UTP Benefit										(3.2)
Non-GAAP Net Income	**$ 105.5**	**$ 150.3**	**$ 159.8**	**$ 160.6**	**$ 170.1**	**$ 173.8**	**$ 169.9**	**$ 182.4**	**$ 178.9**	**$ 197.3**

Non-GAAP Diluted Earnings Per Share	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Diluted Average Shares (Millions)	*40.4*	*47.6*	*48.5*	*48.7*	*50.2*	*50.8*	*50.7*	*51.9*	*56.3*	*60.4*
Reported GAAP Diluted earnings per share	**$ 2.99**	**$ 3.17**	**$ 3.39**	**$ 3.34**	**$ 3.92**	**$ 3.98**	**$ 3.06**	**$ 3.60**	**$ 3.25**	**$ 3.22**
Non-GAAP Adjustments:										
Weather	(0.02)	0.17	0.19	(0.04)	(0.02)	(0.11)	0.14	0.01	(0.11)	0.05
Lost revenue recovery related to prior periods	-	-	(0.18)	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	0.24	-	-	-	-	-	-	-	-	-
Exclude unplanned hydro earnings	(0.14)	-	-	-	-	-	-	-	-	-
Remove benefit of insurance settlements & recoveries	-	(0.27)	-	-	-	-	-	-	-	-
QF liability adjustment	-	0.08	-	-	(0.26)	-	-	(0.10)	-	-
Electric tracker disallowance of prior period costs	-	-	0.16	-	-	-	0.15	-	-	-
Income tax adjustment	(0.47)	-	(0.26)	-	(0.25)	(0.45)	-	-	-	-
Community Renewable Energy Project Penalty	-	-	-	-	-	-	-	-	0.04	-
Unplanned Equity Dilution from Hydro transaction	0.08	-	-	-	-	-	-	-	-	-
Previously claimed AMT Credit									-	0.05
Natural Gas Safe Harbor UTP Benefit										(0.05)
Non-GAAP Diluted Earnings Per Share	**$ 2.68**	**$ 3.15**	**$ 3.30**	**$ 3.30**	**$ 3.39**	**$ 3.42**	**$ 3.35**	**$ 3.51**	**$ 3.18**	**$ 3.27**

Appendix

Non-GAAP Financial Measures

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.

Delivering a bright future

NorthWestern Energy

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