

NORTHWESTERN CORPORATION

Three Months Ended

June 30, 2010

(\$millions, except EPS)

	Three Months Ended, June 30, 2009	Montana property tax tracker	Loss on capacity contract in 2009	Operating expenses recovered in supply trackers	Transmission capacity	Natural gas volumes	Qualified Facilities (QF) supply costs	Postretirement health care	Pension	Jointly owned plant operations	Legal and professional fees	Bad debt expense	Insurance recoveries and settlements	NOL valuation allowance release	Repairs tax deduction (flow-through)	All other, net	Three Months Ended, June 30, 2010
Gross Margin	\$ 128.9	3.5	1.2	0.9	0.6	0.4	(3.6)									0.2	\$ 132.1
Operating Expenses																	
Op., Gen., & Administrative	60.9			0.9				(1.5)	(1.3)	(1.1)	(0.9)	(0.5)	1.8			(1.2)	57.1
Prop. & other taxes	18.2															6.8	25.0
Depreciation	22.3															0.7	23.0
Total Operating Expense	101.4	-	-	0.9	-	-	-	(1.5)	(1.3)	(1.1)	(0.9)	(0.5)	1.8	-	-	6.3	105.1
Operating Income	27.5	3.5	1.2	-	0.6	0.4	(3.6)	1.5	1.3	1.1	0.9	0.5	(1.8)	-	-	(6.1)	27.0
Interest Expense	(18.0)															1.9	(16.1)
Other Income (Expense)	0.2															1.7	1.9
Income Before Inc. Taxes	9.7	3.5	1.2	-	0.6	0.4	(3.6)	1.5	1.3	1.1	0.9	0.5	(1.8)	-	-	(2.5)	12.8
Income Tax Benefit (Expense) ¹	(3.6)	(1.3)	(0.5)	-	(0.2)	(0.2)	1.4	(0.6)	(0.5)	(0.4)	(0.3)	(0.2)	0.7	2.2	1.2	1.2	(1.1)
Net Income (Loss)	\$ 6.1	2.2	0.7	-	0.4	0.2	(2.2)	0.9	0.8	0.7	0.6	0.3	(1.1)	2.2	1.2	(1.3)	\$ 11.7
Fully Diluted Shares	36.32															0.00	36.32
Fully Diluted EPS	\$ 0.17	\$ 0.06	\$ 0.02	\$ -	\$ 0.01	\$ 0.01	\$(0.06)	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.01	\$(0.03)	\$ 0.06	\$ 0.03	\$(0.04)	\$ 0.32

1.) Income Tax Benefit (Expense) calculation on reconciling items assumes normal effective tax rate of 38.5%.

NORTHWESTERN CORPORATION

Six Months Ended

June 30, 2010

(\$millions, except EPS)

	Six Months Ended, June 30, 2009	Montana property tax tracker	Loss on capacity contract in 2009	Operating expenses recovered in supply tracker	Reclamation settlement	Qualified Facilities (QF) supply costs	Electric and natural gas volumes	Wholesale electric	Insurance reserves	Compensation	Postretirement health care	Pension	Jointly owned plant operations	Bad debt expense	Legal and professional fees	Insurance recoveries and settlements	NOL valuation allowance release	Repairs tax deduction (flow-through)	All other, net	Six Months Ended, June 30, 2010
Gross Margin	\$ 291.7	4.4	1.2	1.2	1.0	(3.6)	(2.7)	(0.6)											0.9	\$ 293.5
Operating Expenses																				
Op., Gen., & Administrative	126.3			1.2					(2.9)	(2.3)	(2.0)	(1.9)	(0.9)	(0.8)	(0.4)	2.1			(3.0)	115.4
Prop. & other taxes	42.5																		5.5	48.0
Depreciation	45.0																		0.9	45.9
Total Operating Expense	213.8	-	-	1.2	-	-	-	-	(2.9)	(2.3)	(2.0)	(1.9)	(0.9)	(0.8)	(0.4)	2.1	-		3.4	209.3
Operating Income	77.9	4.4	1.2	-	1.0	(3.6)	(2.7)	(0.6)	2.9	2.3	2.0	1.9	0.9	0.8	0.4	(2.1)	-		(2.5)	84.2
Interest Expense	(33.1)																		-	(33.1)
Other Income (Expense)	0.8																		1.8	2.6
Income Before Inc. Taxes	45.6	4.4	1.2	-	1.0	(3.6)	(2.7)	(0.6)	2.9	2.3	2.0	1.9	0.9	0.8	0.4	(2.1)	-		(0.7)	53.7
Income Tax Benefit (Expense) ¹	(16.7)	(1.7)	(0.5)	-	(0.4)	1.4	1.0	0.2	(1.1)	(0.9)	(0.8)	(0.7)	(0.3)	(0.3)	(0.2)	0.8	2.2	4.6	0.1	(13.3)
Net Income (Loss)	\$ 28.9	2.7	0.7	-	0.6	(2.2)	(1.7)	(0.4)	1.8	1.4	1.2	1.2	0.6	0.5	0.2	(1.3)	2.2	4.6	(0.6)	\$ 40.4
Fully Diluted Shares	36.32																		(0.00)	36.32
Fully Diluted EPS	\$ 0.80	\$ 0.07	\$ 0.02	\$ -	\$ 0.02	\$(0.06)	\$(0.05)	\$(0.01)	\$ 0.05	\$ 0.04	\$ 0.03	\$ 0.03	\$ 0.02	\$ 0.01	\$ 0.01	\$(0.04)	\$ 0.06	\$ 0.13	\$(0.02)	\$ 1.11

1.) Income Tax Benefit (Expense) calculation on reconciling items assumes normal effective tax rate of 38.5%.