

LEAD. INNOVATE. GROW.

Investor Presentation — June 2016

NW Natural®

INVESTOR RELATIONS INFORMATION

COMPANY INFORMATION

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FORWARD LOOKING STATEMENTS

This and other presentations made by NW Natural from time to time, may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements regarding the following: plans, objectives, goals, strategies, future events including regional third-party projects, storage, pipeline and other infrastructure investments, commodity costs, competitive advantage, customer and business growth, conversion potential, multifamily development, business risk, efficiency of business operations, regulatory recovery, business development and new business initiatives, environmental remediation recoveries, gas storage markets and business opportunities, gas storage development, costs, timing or returns related thereto, financial positions and performance, economic and housing market trends and performance shareholder return, capital expenditures, liquidity, gas reserves and investments and regulatory recoveries related thereto, hedge efficacy, cash flows and adequacy thereof, return on equity, capital structure, return on invested capital, revenues and earnings and timing thereof, margins, operations and maintenance expense, dividends, credit ratings and profile, the regulatory environment, effects of regulatory disallowance, timing or effects of future regulatory proceedings or future regulatory approvals, regulatory prudence reviews, effects of regulatory mechanisms, including, but not limited to, SRRM and the Company's infrastructure investments, effects of legislation, including but not limited to bonus depreciation and PHMSA regulations, and other statements that are other than statements of historical facts.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements, so we caution you against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are discussed by reference to the factors described in Part I, Item 1A "Risk Factors," and Part II, Item 7 and Item 7A "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosure about Market Risk" in the Company's most recent Annual Report on Form 10-K, and in Part I, Items 2 and 3 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk", and Part II, Item 1A, "Risk Factors", in the Company's quarterly reports filed thereafter.

All forward-looking statements made in this presentation and all subsequent forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by these cautionary statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

NW Natural®

OUR MISSION

We provide safe, reliable and affordable energy in an environmentally responsible way to better the lives of the public we serve.



OUR CORE VALUES

Integrity
Safety
Service Ethic
Caring
Environmental Stewardship

NW NATURAL LEADERSHIP



Gregg S. Kantor, CEO

Mr. Kantor has served as Chief Executive Officer of NW Natural since January 1, 2009 and will retire as CEO at the end of July 2016. He has served as President of the company, President and Chief Operating Officer and as Executive Vice President. Mr. Kantor came to NW Natural in 1996 and held various roles before being promoted to Executive Vice President in 2007. Mr. Kantor earned a Bachelor of Arts in Geography and Environmental Studies from the University of California at Santa Barbara and a Masters of Urban Planning from the University of Oregon.



David H. Anderson, President and COO

Mr. Anderson is currently NW Natural's President and COO and the Board has appointed him successor to the CEO, with an expected transition on August 1, 2016. Since he joined the Company in 2004, Mr. Anderson has served in various executive positions over Operations, Regulation and as CFO. Previously, Mr. Anderson held executive positions within TXU Corporate including Senior Vice President and Chief Accounting Officer. Mr. Anderson holds a BBA in Accounting from Texas Tech University and held a CPA (retired) and CGMA.



Greg C. Hazelton, Senior Vice President, CFO, and Treasurer

Mr. Hazelton is currently NW Natural's Senior Vice President, CFO, and Treasurer. Before joining NW Natural in 2015, Mr. Hazelton was Treasurer and Controller at Hawaiian Electric Industries and worked at investment banking firms including UBS Investment Bank, where he was managing director for its Global Power and Utilities Group. Mr. Hazelton holds an MBA from the University of Chicago, a bachelor's degree from Warner Pacific College, and a CPA Certificate (inactive).

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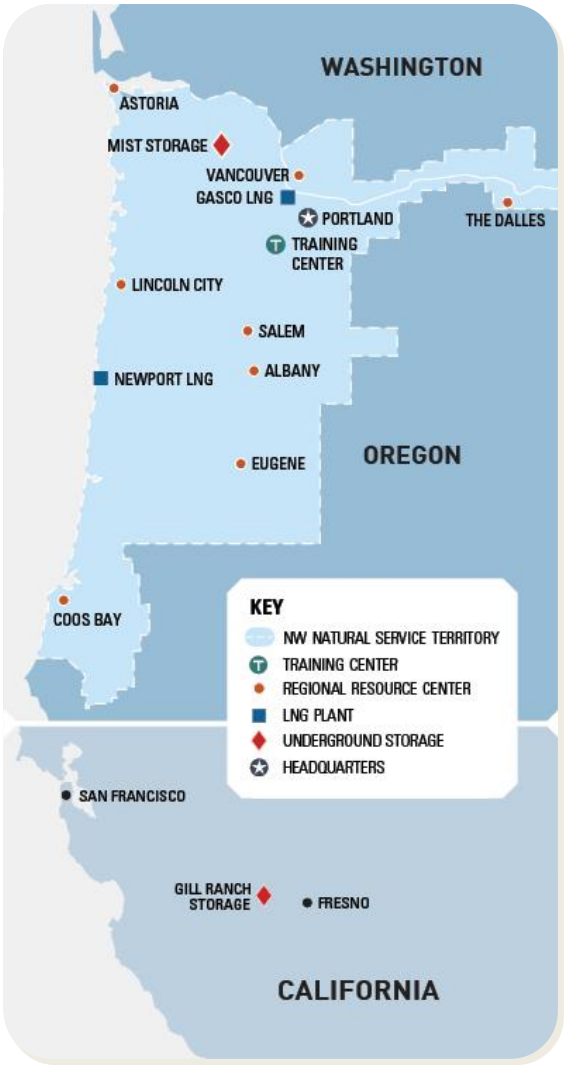
INDUSTRY LEADERS



- **Largest stand-alone** LDC in Pacific Northwest serving Oregon and Washington
- Low-risk business profile with 90%+ of revenues from pure-play LDC
- One of the most **modern distribution systems** – no identified cast iron or bare steel
- **Progressive recovery** mechanisms:
  - Decoupling
  - Weather normalization
  - Environmental cost recovery
  - Pension balancing
  - Gas reserves investments
- **Growing service territory** delivering customer growth of 1.5%(1)
- **Experienced management team** with broad energy knowledge
- **Conservatively financed** business with strong credit profile
- **Stable dividends** with 60-year record of increasing dividends paid annually

(1) Customer growth measured over 12-month period ended March 31, 2016

NW Natural®

CONSERVATIVE BUSINESS PROFILE

Stable utility margins through progressive regulation

- Weather & decoupling mechanisms in Oregon
- Environmental cost recovery mechanism in Oregon
- Constructive relationships with regulators and customer groups

Excellent operations and efficient cost structure

- Commitment to safety, reliability, and quality service
- Continued focus on efficient business operations

Long-term growth opportunities that fit NWN's profile

- Utility: attractive and growing service territory driving above-average customer growth and investments
- Mist facility: high-value long-term contracts, asset optimization, planned expansion
- Gill Ranch facility: potential long-term storage value from California's RPS requirement and carbon reduction targets



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UTILITY SEGMENT

CORE UTILITY SEGMENT



Pure-play LDC with 90%+ of revenues, net income, and assets from utility

Safe, Reliable Service

- Strong safety record - modern distribution and transmission system
- Outstanding customer satisfaction - #1 in West, JD Power and Associates (2015)
- Resource diversity - 11 Bcf regulated gas storage and 2 Bcf LNG storage

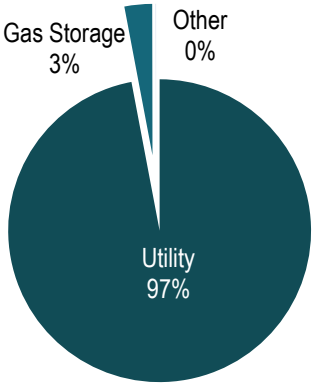
Attractive Service Territory

- Approximately 89% of customer base in Oregon and 11% in Washington
- Territory covers over 75% of Oregon's population
- Includes Vancouver (Clark County) - the fastest growing county in Washington
- Supportive regulation

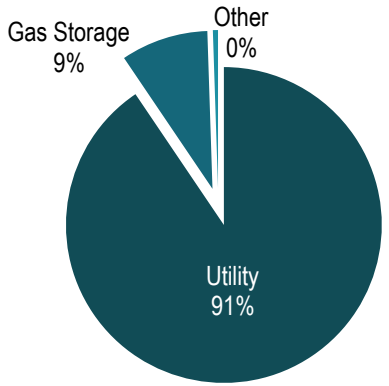
Growth Potential

- Organic opportunities - gas in approximately 60% of single-family homes
- Strong customer growth
- Positive economic trends and housing fundamentals in region

Operating Revenues for 2015



Assets as of 12/31/2015



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HIGH-GROWTH SERVICE TERRITORY

Solid Customer Growth Rate

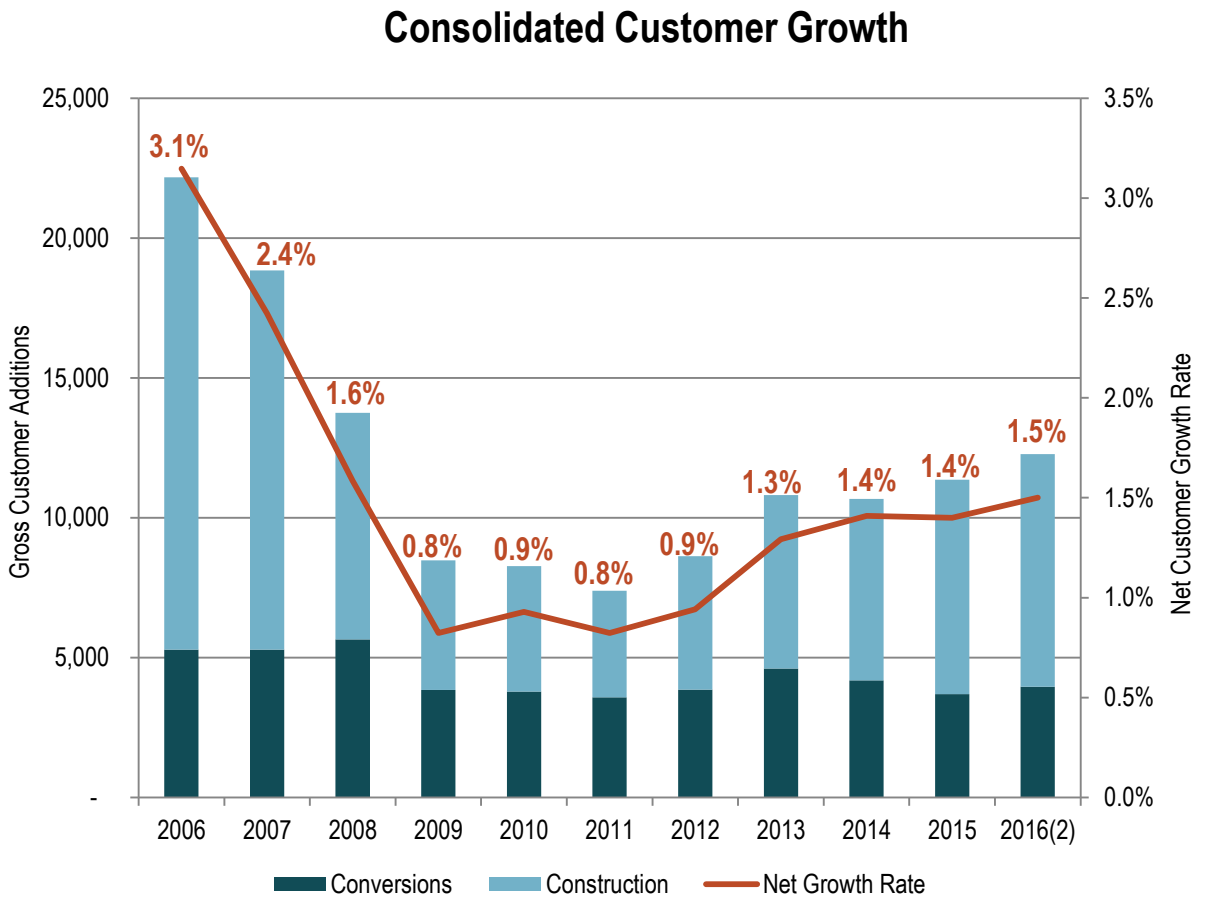
- NW Natural growth 1.5%(1)

Strong Residential Growth

- Over 60% of utility margin
- Growth rate of 1.6%(1)
- Since 2012, steady growth in single-family new construction

Steady Commercial Growth

- Over 25% of utility margin
- Growth rate of 0.7%(1)
- Higher margins on commercial customers



(1) Customer growth measured over 12-month period ended March 31, 2016
(2) 2016 gross customer additions represents first quarter 2016 additions annualized and may not be indicative of full year performance

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FOCUS ON

REGULATED GROWTH



INNOVATIVE CUSTOMER ACQUISITION

Competitive Advantage

- Preferred energy source
- Low-cost, reliable, clean energy choice
- Natural gas in approximately 60% of single-family homes

Customer Connections Portal

- Cutting edge web-based tool for targeted conversions, validates customer interest
- Enhanced web services for trade allies

Leveraging the Portal

- Ability to identify potential main extensions
- Beginning to identify targets and analyze cost profiles



FOCUS ON MULTIFAMILY

GROWTH

Uptick in Construction

- Increase in multifamily construction
- Low vacancy rates in Portland area compared to the country

Preference for Natural Gas Amenities

- Recent study shows 80% of Portland area renters paying market rates or above prefer gas amenities such as cooktops, water heating and fireplaces

Executing on the Opportunity

- We see apartments as an untapped growth opportunity and a priority segment for NW Natural moving forward
- Currently analyzing renter preferences and natural gas availability
- Creating an innovative incentive program to target apartment developers



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INVESTING FOR RELIABILITY & GROWTH



LNG Facilities

Newport LNG

- Upgrades underway totaling approx. $25 million with construction from 2015 - 2018

Portland LNG

- Upgrades planned over the next several years



Vancouver, Washington Infrastructure

- Fastest growing region in service territory
- Upgrades underway totaling approx. $25 million with construction from 2015 - 2020

System Integrity

- Proposed PHMSA gas safety regulations in April 2016; comment phase in 2016; and expect final rules in 2017
- Known bare steel removal completed in 2015; cast iron in 2000

Integrated Resource Plan Update

- Filing IRP in August 2016

Gas Reserve Investments

- Future investments contingent upon open hedging docket and tax appetite

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MIST UTILITY STORAGE EXPANSION

GROWTH

Existing Utility Gas Storage

In operation since 1989

Utility storage capacity 11 Bcf

Unique Asset

- Limited storage options in Pacific Northwest
- Part of utility's diverse, reliable gas supply strategy
- Utility can recall non-utility capacity for core demand



Planned Expansion Profile

Storage Capacity	2.5 Bcf
Deliverability	120,000 Dth/day
Estimated Capex Spend	$125 million(1)
Target In-Service Date	Winter 2018/2019

Planned Expansion Project Update

- Innovative no-notice 24/7 storage service integrates renewables into the power system for RPS
- Agreement with PGE to serve their Port Westward Plant, upon receiving Notice to Proceed (NTP)
- Received critical permit from Oregon Energy Facilities Siting Council in April 2016
- NTP primarily dependent on updated cost estimate including EPC contract rebidding
- Expect NTP second half of 2016; construction beginning thereafter

(1) Capex estimate based on 2014 bidding process. Currently rebidding EPC portion of contract, which could increase or decrease capex. Completion of rebid process and final estimate expected in mid-2016.

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RECENT REGULATORY PROCEEDINGS

Environmental Cost Recovery	• January 2016 order resolved open matters regarding the implementation of the environmental recovery mechanism • OPUC confirmed recovery of prudently incurred environmental costs allocated to Oregon ratepayers • Disallowed interest earned on original charge resulting in $3.3M pre-tax charge in January 2016
Commodity Hedging	• OPUC opened all-party docket to discuss appropriate gas portfolio hedging in the state — NWN request for guidelines on long-term hedging included in docket — Expect to work through the docket during 2016 and the first half of 2017 • WUTC engaged in review of Local Distribution Company (LDC) hedging practices during 2016
Carbon Solutions Program	• NWN submitted Combined Heat and Power Program under Senate Bill 844 to OPUC in June 2015 • OPUC declined program in April 2016 as filed & provided guidance on program structure & incentives
Interstate Storage Sharing	• OPUC issued order in March 2015 requiring a third-party cost study to be performed • Steering committee consisting of Company, OPUC staff, and customer groups to hire third-party to perform cost study
Stranded Communities	• OPUC formed working group to study how utilities may expand natural gas service to areas that do not currently have access to natural gas • Expect a report in Q4 2016

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GAS STORAGE

GAS STORAGE SEGMENT OUTLOOK

Interstate Storage (ISS) Portion of Mist Facility

Designed Capacity	5 Bcf
Max Deliverability	215,000 Dth/day
In-Service Date	2001

Planned utility expansion and additional expansion potential



Interstate Storage Trends

- High-value asset in premium geographic location with limited competition from other Pacific Northwest storage facilities
- Facility fully contracted with longer-term, multi-year contracts
- Strong and stable operating results

Gill Ranch Facility

Current Ownership	Gill Ranch Storage, LLC (GRS) 75% and PG&E 25%
Designed Capacity	20 Bcf Total (GRS portion 15 Bcf)
Max Deliverability	490,000 Dth/day
In-Service Date	2010
Expansion Potential	25 Bcf Total (GRS portion 7.5 Bcf)



Gill Ranch Storage Trends

- Fully contracted for 2016-17 gas storage year with slightly higher prices than the prior year
- Efficient cost structure and no debt outstanding
- Pursuing higher value service contracts and new market opportunities
- Expect flexible energy resources to be needed in California to meet state's RPS
- Ability to expand, but will depend on California storage market conditions



FINANCIAL PERFORMANCE

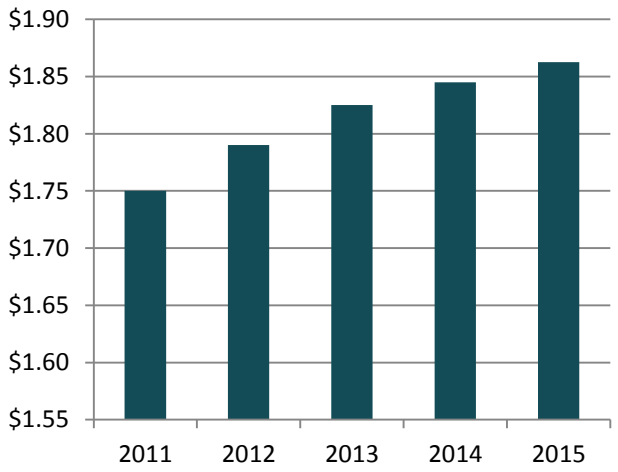
DELIVERING SHAREHOLDER VALUE

Key Statistics[1]	
Listed	NYSE / “NWN”
52 Week Trading	$42.00 to $57.95
Market Cap	$1.5 Billion
Enterprise Value	$2.26 Billion
Book Value Per Share	$29.35
Shares Outstanding	27,493,000
Dividend Yield	3.4%
2016 Indicated Dividend	$1.87

Returns

Year Ending December 31, 2015	Beginning Stock Price	Total Shareholder Return
One year	$49.90	5.5%
Five year	$46.47	5.9%
Ten year	$34.18	114.9%

Dividends Paid Per Share



Financially Strong

- Solid balance sheet and investment grade credit ratings
- Sustainable dividend
- 60 consecutive years of increased dividends paid − one of only three NYSE companies

(1) Stock metrics are as of May 31, 2016 unless otherwise noted. Financial information is as of March 31, 2016 unless otherwise noted.

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FOCUS ON EARNINGS

Delivered on 2015 Guidance

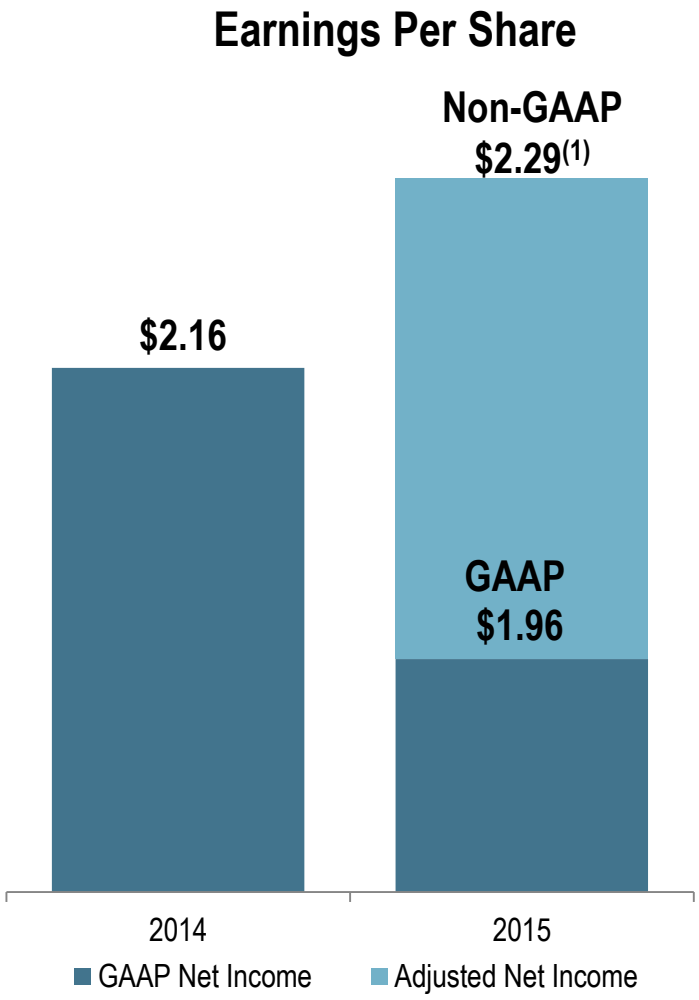
- Increased utility margin and steady customer growth
- Streamlined Gill Ranch expense structure
- Navigated challenges: regulatory environmental write-off and record warm winter
- Responded with temporary cost savings initiatives ~$5 million savings

Increased Earnings Q1 2016

- Higher utility margin from customer growth and gains from gas cost sharing mechanism
- Reaped benefits of lower Gill Ranch cost structure and redeeming long-term note in December 2015

Expectations for 2016

- Continued customer growth
- Higher utility operations and maintenance expense
- Contracted gas storage at slightly higher prices
- Streamlined gas storage expenses



(1) Non-GAAP adjusted net income and EPS excludes the $15 million pre-tax regulatory disallowance related to the OPUC's Feb. 2015 environmental order. Amounts per share are calculated using the combined federal and state statutory tax rate of 39.5% and divided by 27.4 million diluted shares.

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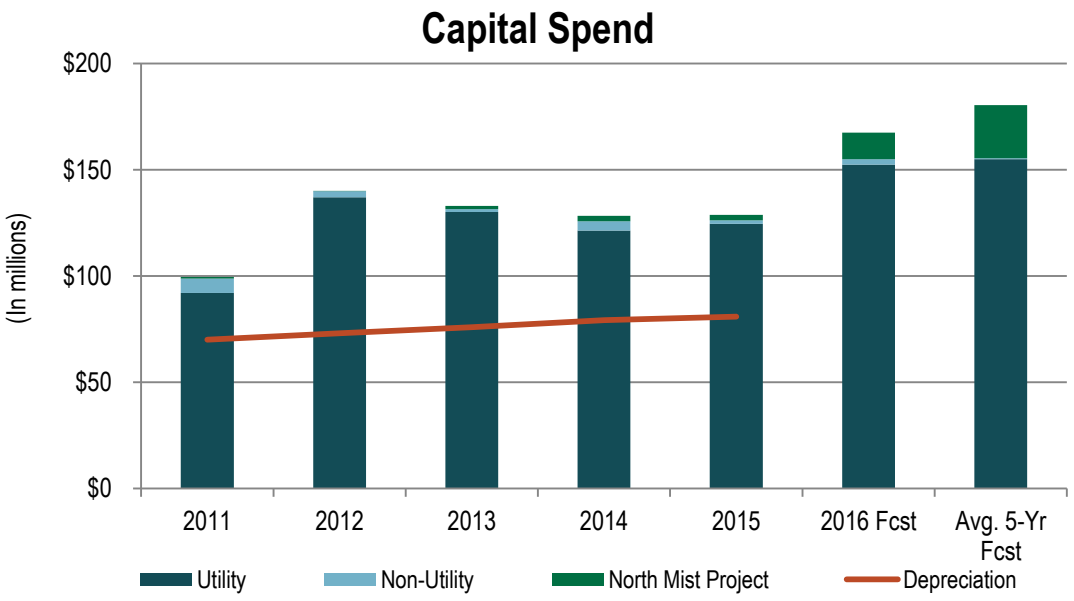
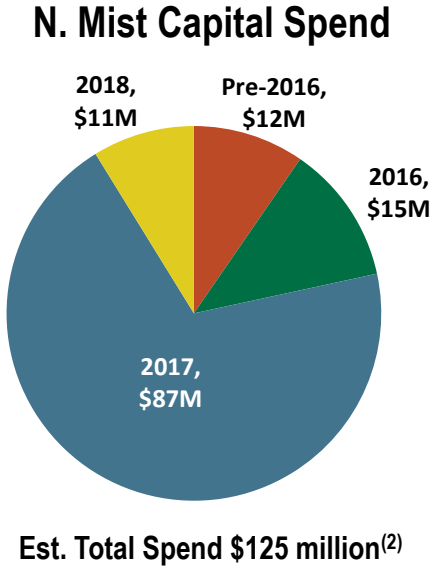
INVESTING IN GROWTH

Increasing Investment
$850 to $950 Million in Core Utility over Five Years

- **Strong utility customer growth:** Clark County Washington upgrades to support fast growing county
- **Key utility reliability and asset management projects:** Newport and Portland LNG
- **Critical regional project:** North Mist gas storage expansion in Oregon to support gas-fired electric generation





Est. Total Spend $125 million(2)

(1) Additional potential investments for bonus depreciation extension not considered in forecast.
(2) Capex estimate based on 2014 bidding process. Project moving forward is dependent on a notice to proceed from project customer. Currently rebidding EPC portion of contract, which could increase or decrease capex. Completion of rebid process and final estimate expected in mid-2016.

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RATE STRUCTURES & MECHANISMS

	Oregon	Washington
Rate Structures:		
Rate Case Year	2012	2009
ROE	9.5%	10.1%
ROR	7.8%	8.4%
Equity Ratio	50%	51%
2015 Rate Base	$1.2B	$0.1B
Key Mechanisms:		
Purchased Gas Adjustment	X	X
Incentive Sharing(1)	X	X
WARM/Decoupling	X	
Pension Balancing	X	
Environmental Cost	Recovery	Deferral(2)

(1) In Oregon, NW Natural shares PGA gains and losses. In both Oregon and Washington, NW Natural shares with customers revenues it achieves through interstate storage and optimization activities.
(2) Washington allows deferral of environmental costs, but a cost recovery mechanism or methodology has not yet been established by the Washington Commission. A carrying charge related to deferred amounts will be determined in a future proceeding.

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STRONG CASH FLOWS AND LIQUIDITY

Cash Flows

- Operating cash flows support capital needs
- Higher CFFO from environmental recoveries in 2011 and 2014
- Ongoing cash flow strengthening through new environmental mechanism

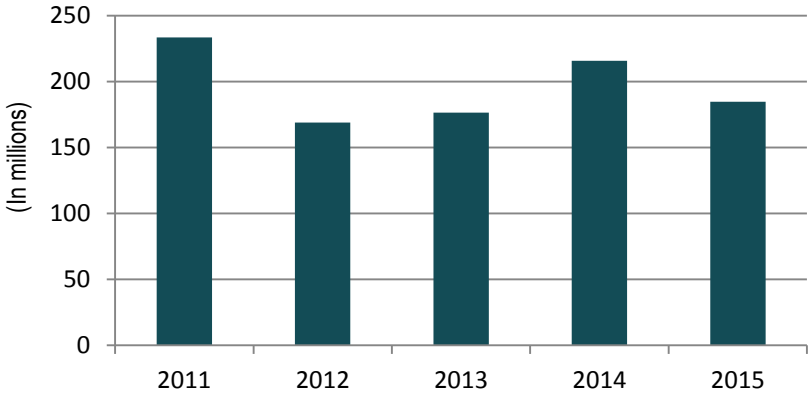
Bonus Depreciation

- Expect cash tax savings of $90 million
- Evaluating impact on investments

Liquidity

- $300 million credit facility through 2019
- Access to capital markets
- Solid credit ratings(1)

Cash Flows from Operations



Credit Ratings(1)

	S&P	Moody's
Secured Debt	AA-	A1
Commercial Paper	A-1	P-2
Outlook	Stable	Stable

(1) The above credit ratings are dependent upon a number of factors, both qualitative and quantitative, and are subject to change at any time. The disclosure of these credit ratings is not a recommendation to buy, sell or hold NW Natural securities.

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CONSISTENT LONG-TERM STRATEGY

Stable utility margins

- Company results continue to show steady growth from utility
- Utility-focused business with stable core customer revenues
- Organic growth potential with strong economics driving single and multifamily construction

Excellent operations and efficient cost structure

- Consistently high customer satisfaction ratings and system reliability
- Strong balance sheet and cash flows
- 60-year history of increasing dividends paid to shareholders

Long-term growth opportunities

- Innovative ideas and new programs
- Storage development opportunities to support flexible energy resource needs
- Regional pipeline expansion opportunity



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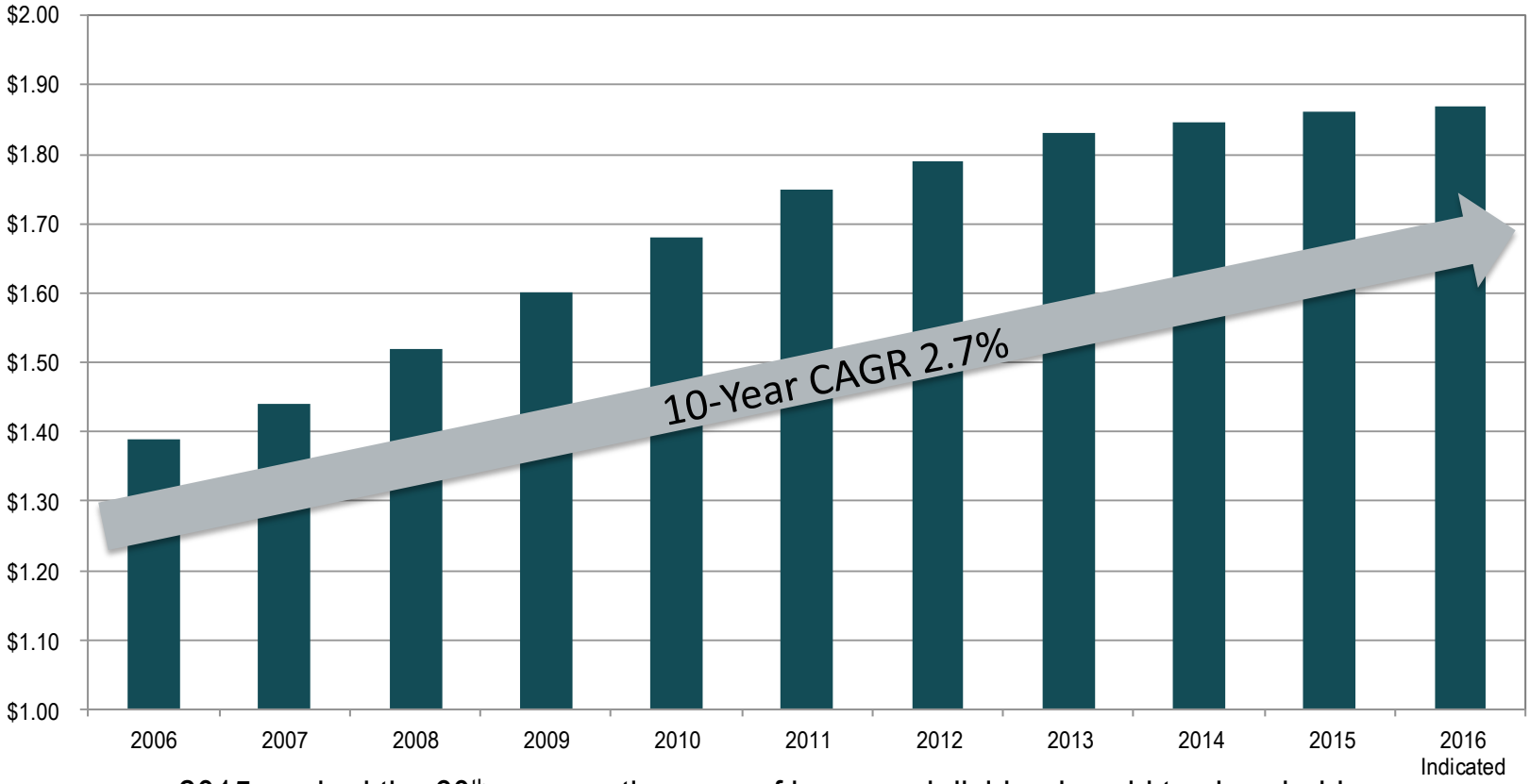
APPENDIX

DIVIDEND HISTORY



- 2015 marked the 60th consecutive year of increased dividends paid to shareholders
- Dividend yield of 3.7% at December 31, 2015
- Supported by strong and stable cash flows
- One of the longest running dividend increase records of companies on the NYSE

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SUPPORTIVE REGULATORY MECHANISMS

Oregon	Decoupling	• Breaks link between earnings and consumption by removing incentive to increase usage • Employs use-per-customer decoupling calculation, which adjusts margin revenues to account for the difference between actual and expected customer volumes
Oregon	Weather Normalization (WARM)	• Stabilizes collection of fixed costs for residential and commercial customers • Adjusts billings based on temperature variances compared to average weather • Applied from December through May of each heating season
Oregon and Washington	Purchased Gas Adjustment (PGA)	• Adjusts annual rates to reflect changes in expected cost of gas commodity purchases • Includes spot purchases, contract supplies, derivatives, storage inventories, gas reserves • Includes temporary rate adjustments amortizing deferred regulatory account balances
Oregon and Washington	Environmental Cost Deferral	• Allows for deferral of environmental costs and in OR the accrual of carrying costs • Recovers environmental costs allocated to OR through a site remediation mechanism (SRRM), subject to an annual prudence review and earnings test(1) • Defer costs in WA, recovery & carrying charge to be determined in future proceeding
Oregon	Pension Balancing	• Defers annual FAS 87 pension expenses above the amount set in rates • Expect deferral account to come to zero after nearer-term years of higher pension costs are balanced with future years of lower pension costs

(1) To the extent the utility earns more than its authorized ROE in a year, the utility is required to cover environmental expenses and interest on expenses greater than $10 million (plus interest from insurance proceeds) with those earnings that exceed its authorized ROE.

CURRENT COMMISSIONERS

Oregon Commission (OPUC)

Lisa Hardie, Chair



- Appointed May 2016
- Term began June 1, 2016
- Current term ends May 2020

Stephen Bloom, Commissioner



- Originally appointed December 2011
- Reappointed May 2016
- Current term ends November 2019

John Savage, Commissioner



- Originally appointed September 2003
- Reappointed three consecutive times
- Current term ends March 2017

Washington Commission (WUTC)

David Danner, Chair



- Appointed chair February 2013
- Current term ends January 2019

Ann Rendahl, Commissioner



- Appointed December 2014
- Current term ends November 2020

Philip Jones, Commissioner



- Originally appointed March 2005
- Reappointed March 2011
- Current term ends February 2017

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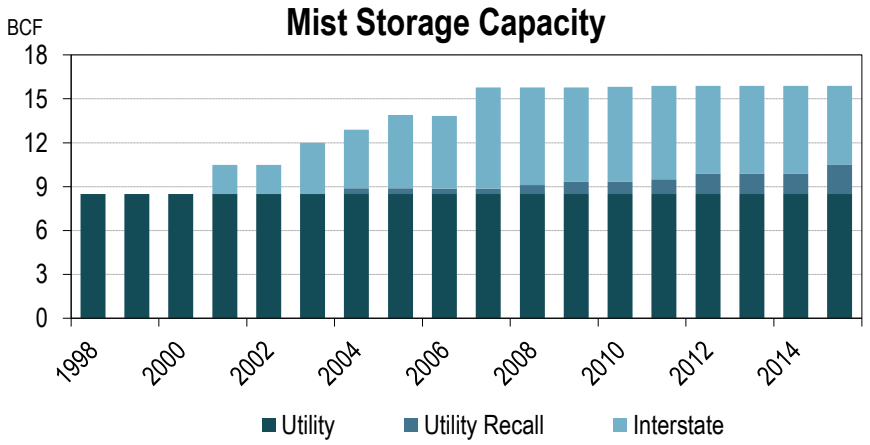
UTILITY GAS STORAGE AT MIST

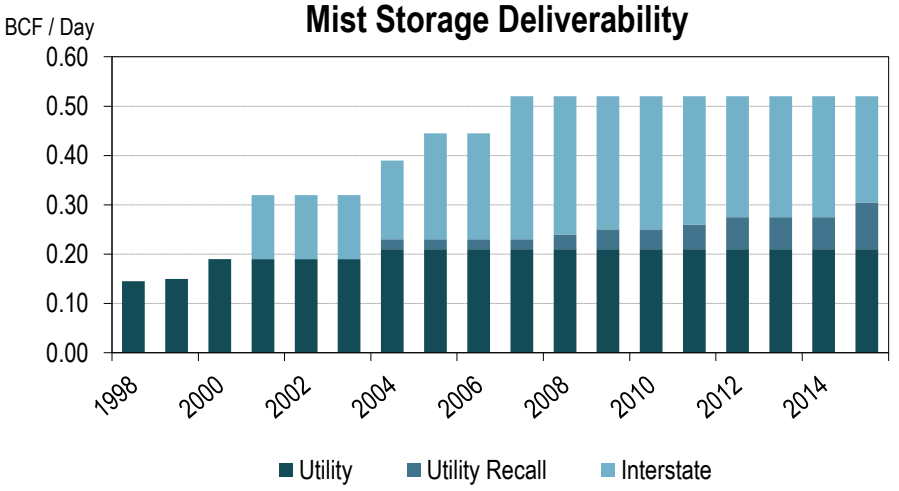
Overview

- In operation since 1989
- Interstate Storage Services (ISS) began in 2001
- Storage capacity at Mist 16 Bcf
  - 11 Bcf Core Utility
  - 5 Bcf ISS

Unique Asset

- Limited storage options in Pacific Northwest
- Part of utility's diverse, reliable gas supply strategy
- Optimize ISS portion and share with customers
- Utility can recall ISS portion for core demand





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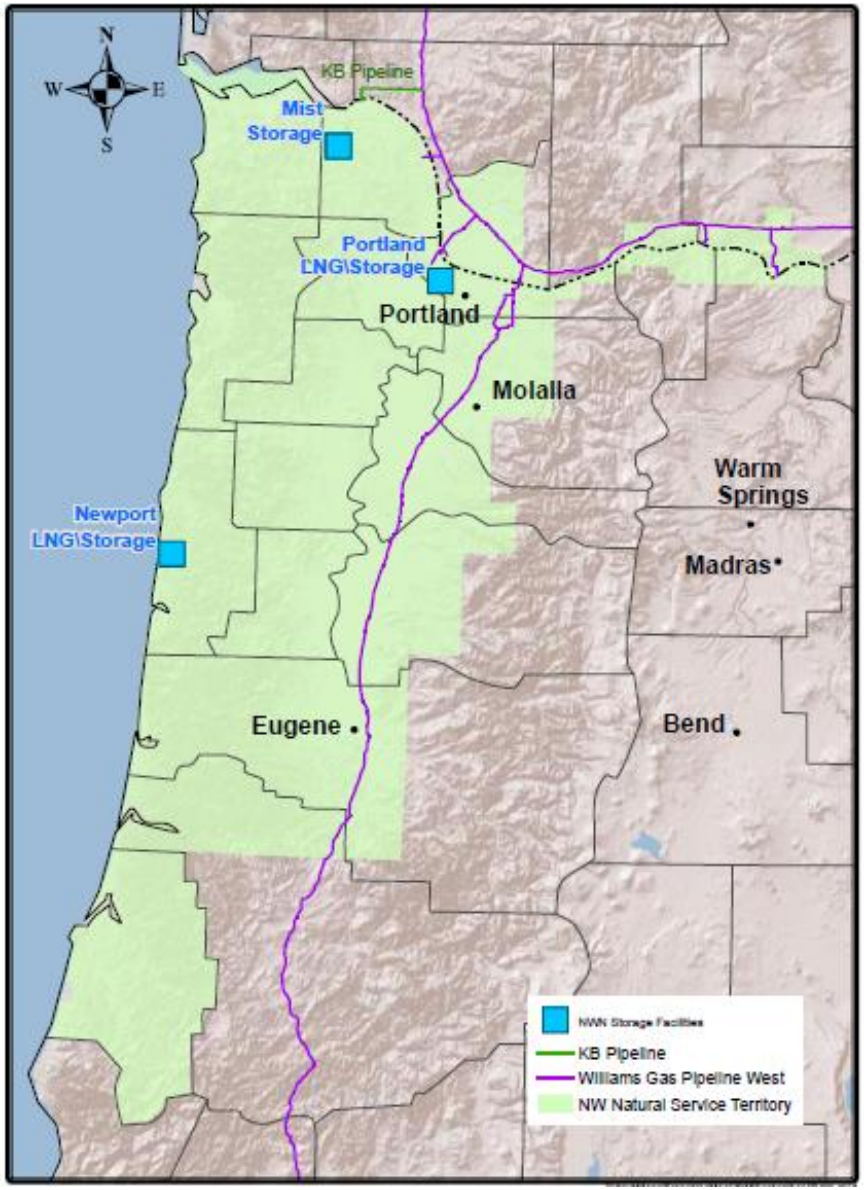
UTILITY SERVICE TERRITORY



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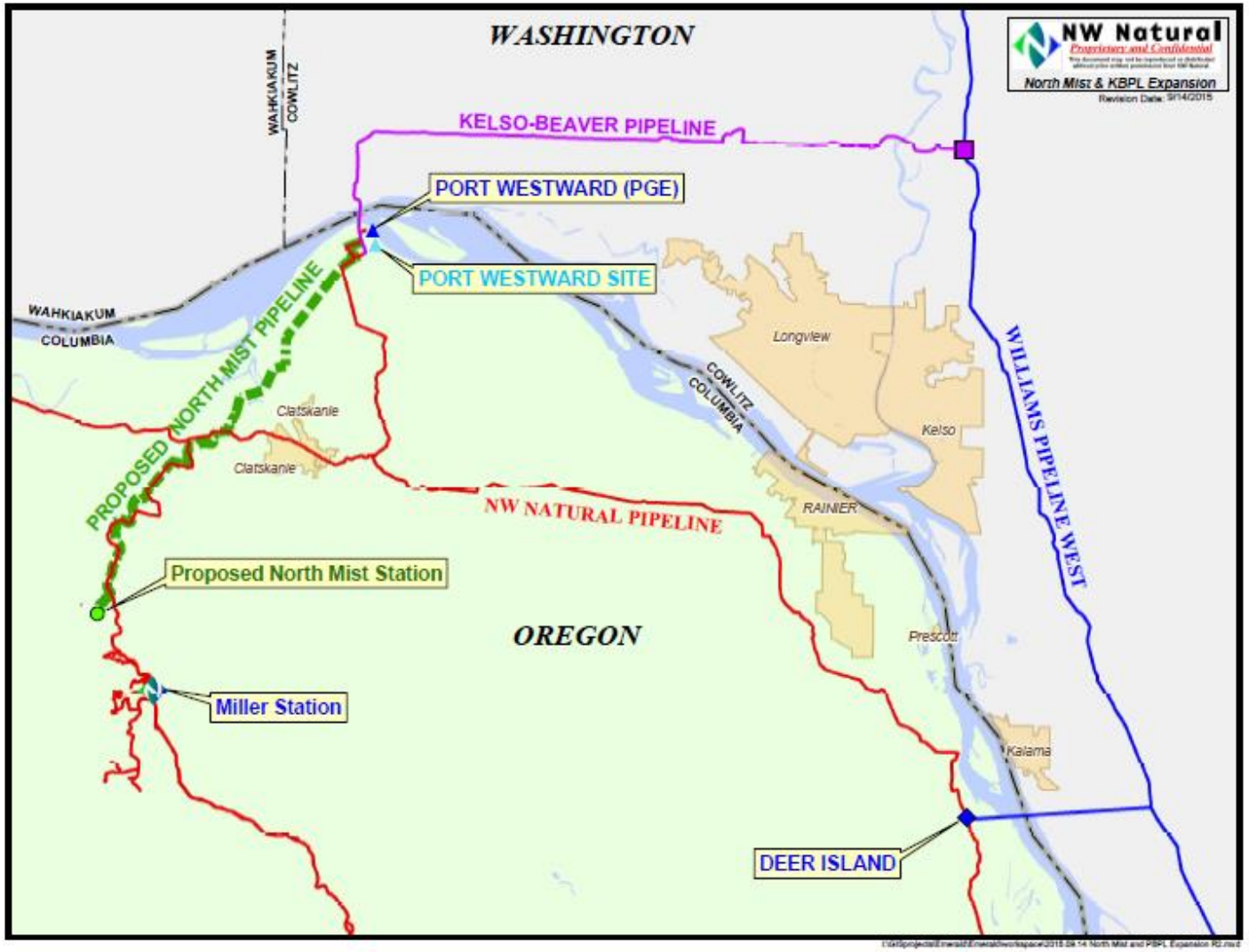
N. MIST GAS STORAGE EXPANSION



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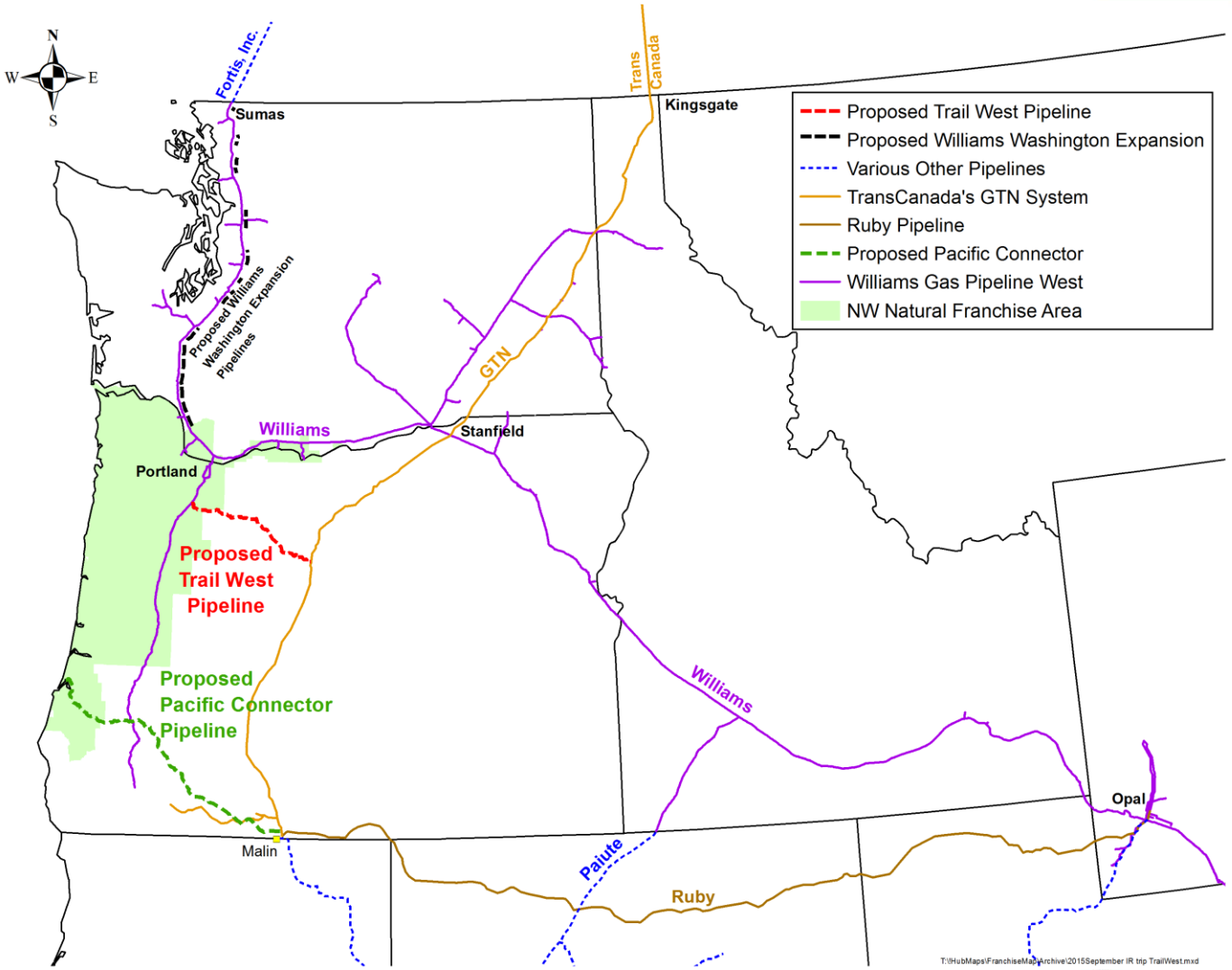
POTENTIAL TRAIL WEST PIPELINE



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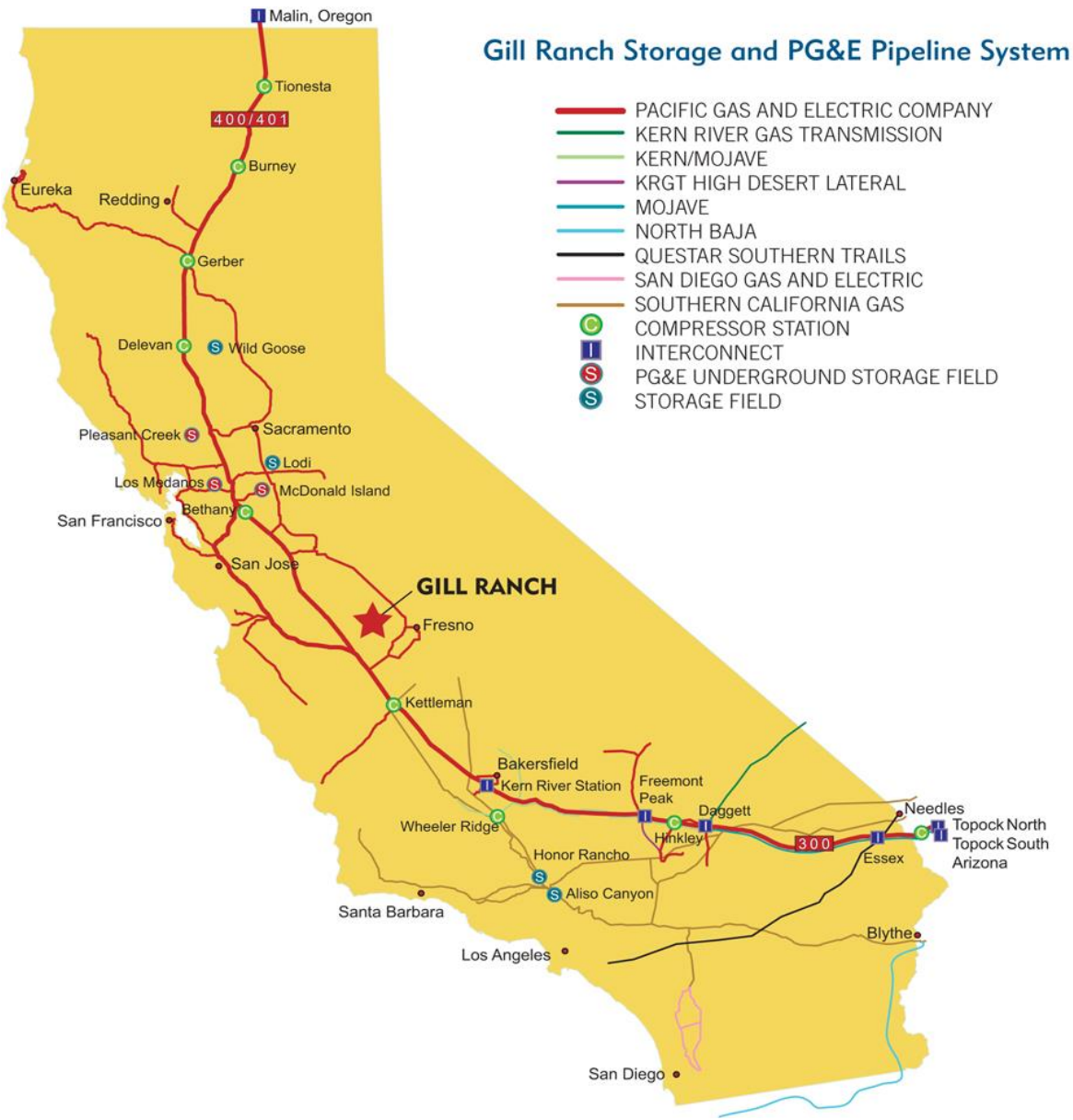
GILL RANCH GAS STORAGE FACILITY



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