













WELCOME TO THE 2009 ANNUAL SHAREHOLDERS MEETING








NW Natural® | 150 YEARS 1859-2009

GREGG KANTOR

PRESIDENT AND
CHIEF EXECUTIVE OFFICER

WE GREW UP HERE

NW Natural® 150 YEARS 1859-2009

RUSSELL TROMLEY

CHAIRMAN OF THE BOARD

WE GREW UP HERE

NW Natural® 150 YEARS 1859-2009

MARDILYN SAATHOFF

CHIEF GOVERNANCE OFFICER
AND CORPORATE SECRETARY

WE GREW UP HERE

NW Natural® 150 YEARS 1859-2009



A LEGACY *of service*

2008 Highlights

- Smooth leadership transition
- Growth slowed, but still among highest in industry
- Revised gas cost-sharing mechanism in Oregon
- Renewed Oregon pipeline safety investment program
- Successfully completed Washington rate case
- #1 customer satisfaction ranking by J.D. Power
- 53rd consecutive year for increasing dividends


UNION PACIFIC SYSTEM
1924
dividends team

DAVID ANDERSON

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

WE GREW UP HERE

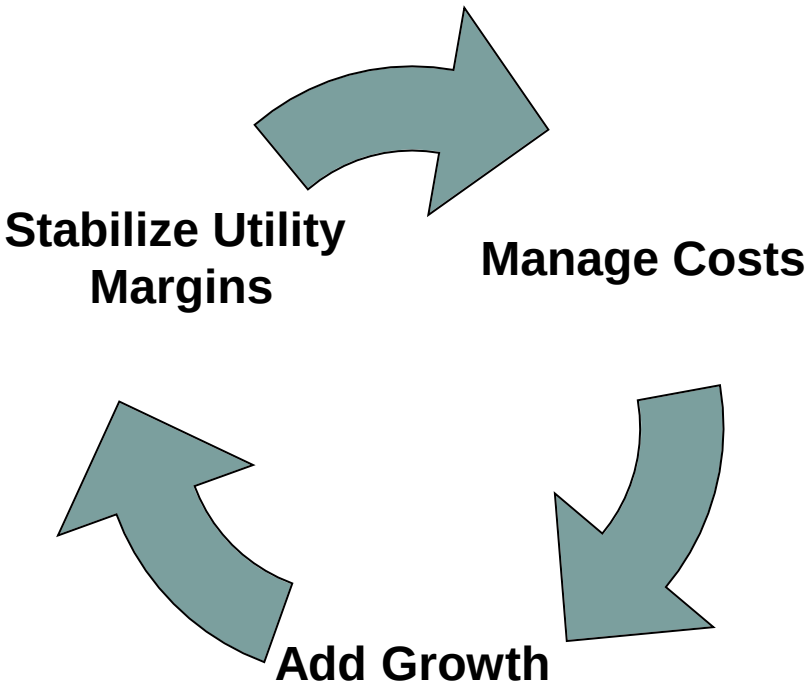
NW Natural® 150 YEARS 1859-2009

Strong Results in 2008

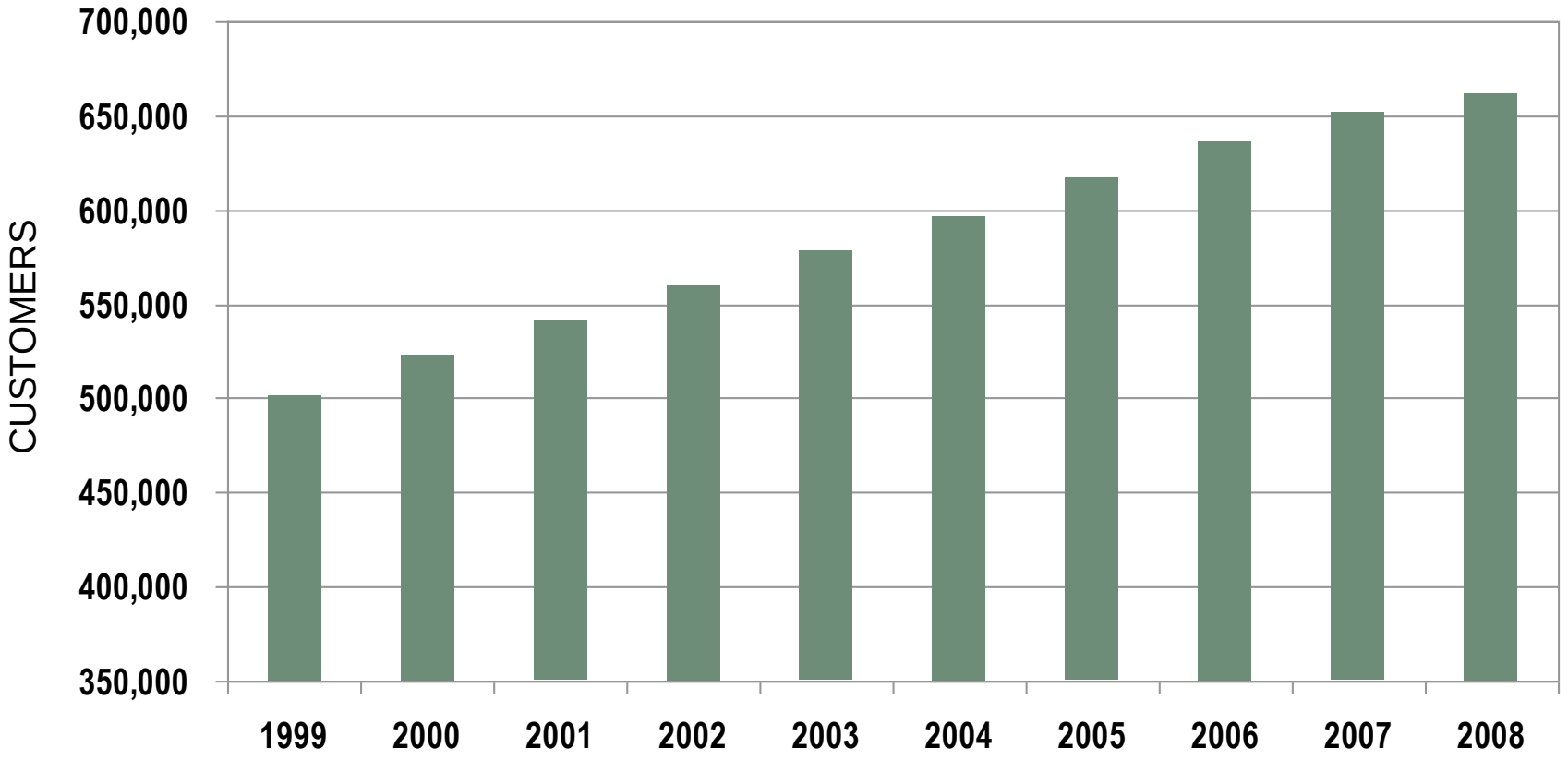
- Five-year total shareholder return of a positive 73% from 2003-2008
- Increased quarterly dividend rate by 5.3% in 2008, the 53rd consecutive year of increasing dividends paid
- Financial returns on target:
  - EPS of $2.61 on $69.5 million of net income – second highest in NW Natural history
  - Revenues above $1 billion – third year in a row
  - Strong balance sheet – strong, investment-grade credit rating from Standard & Poor's (AA-) and Moody's (A2)
  - One of the highest ratings in the industry in our sector by analysts and others

Corporate Strategy

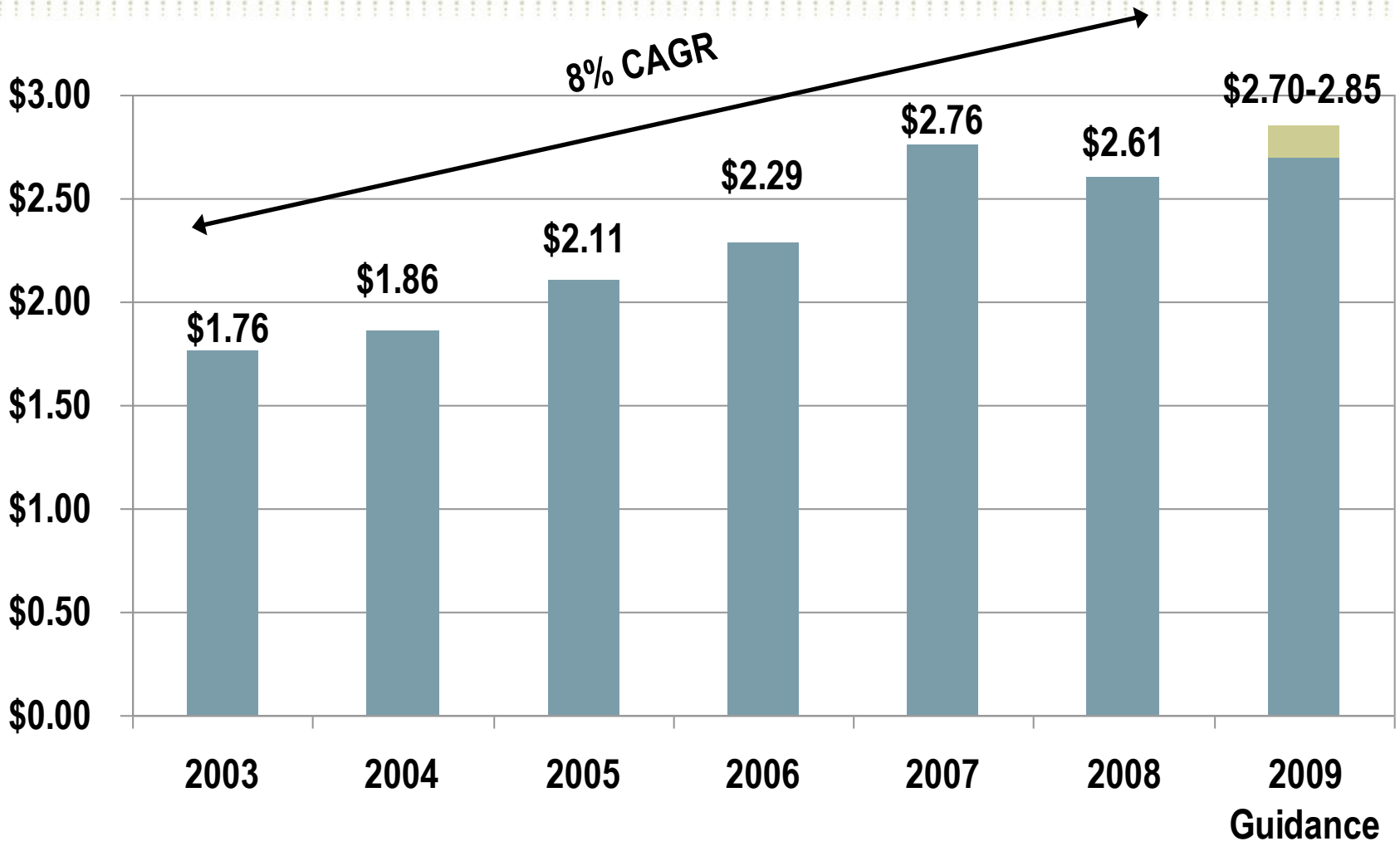
- Stabilized margins through regulation
  - First to implement decoupling among gas utilities
- Managing cost structure
  - Continuing to make improvements to keep costs under control
- Add growth opportunities that fit NW Natural's risk profile
  - Palomar, Gill Ranch



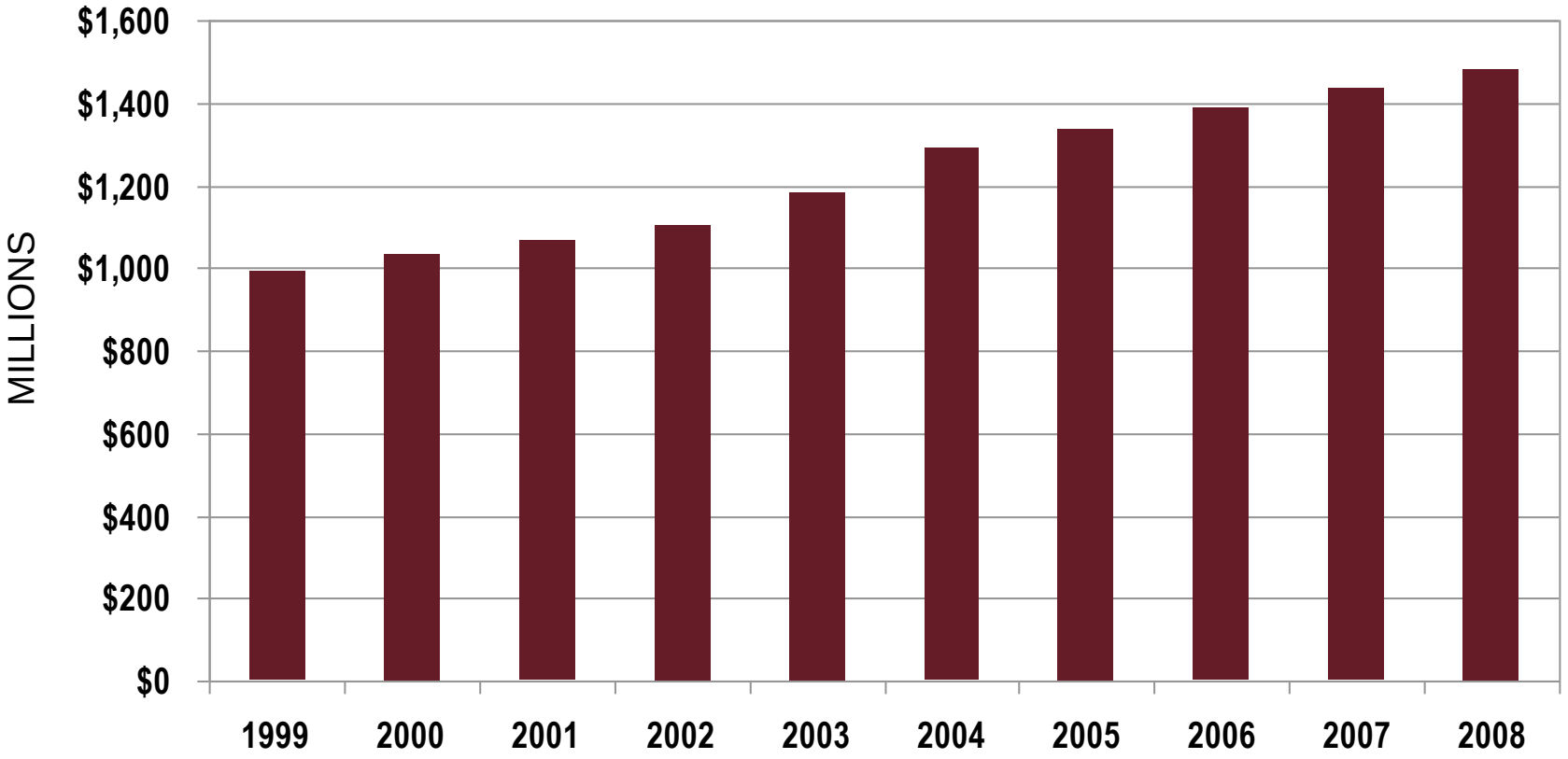
Total Customers



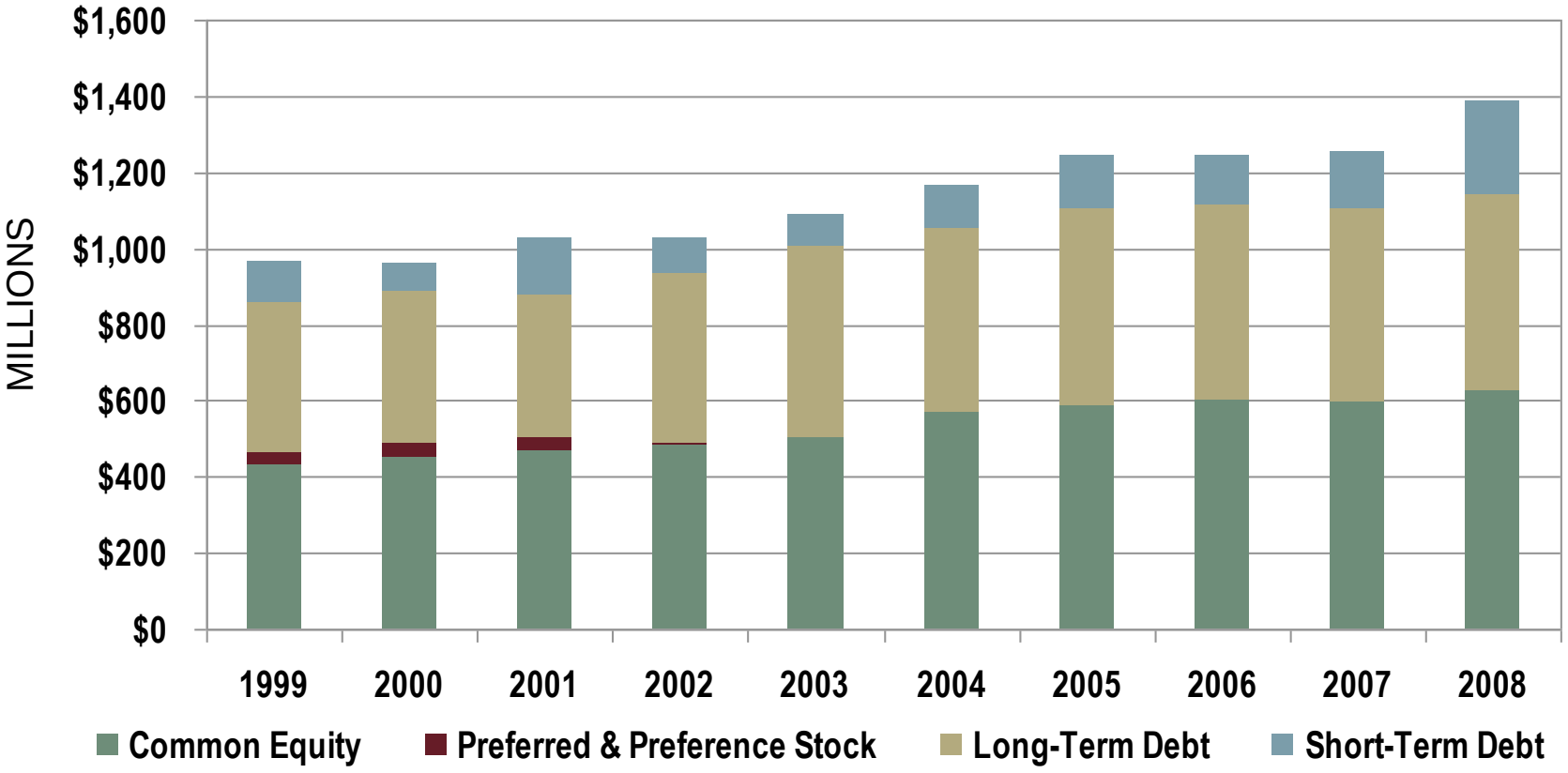
Earnings Per Share



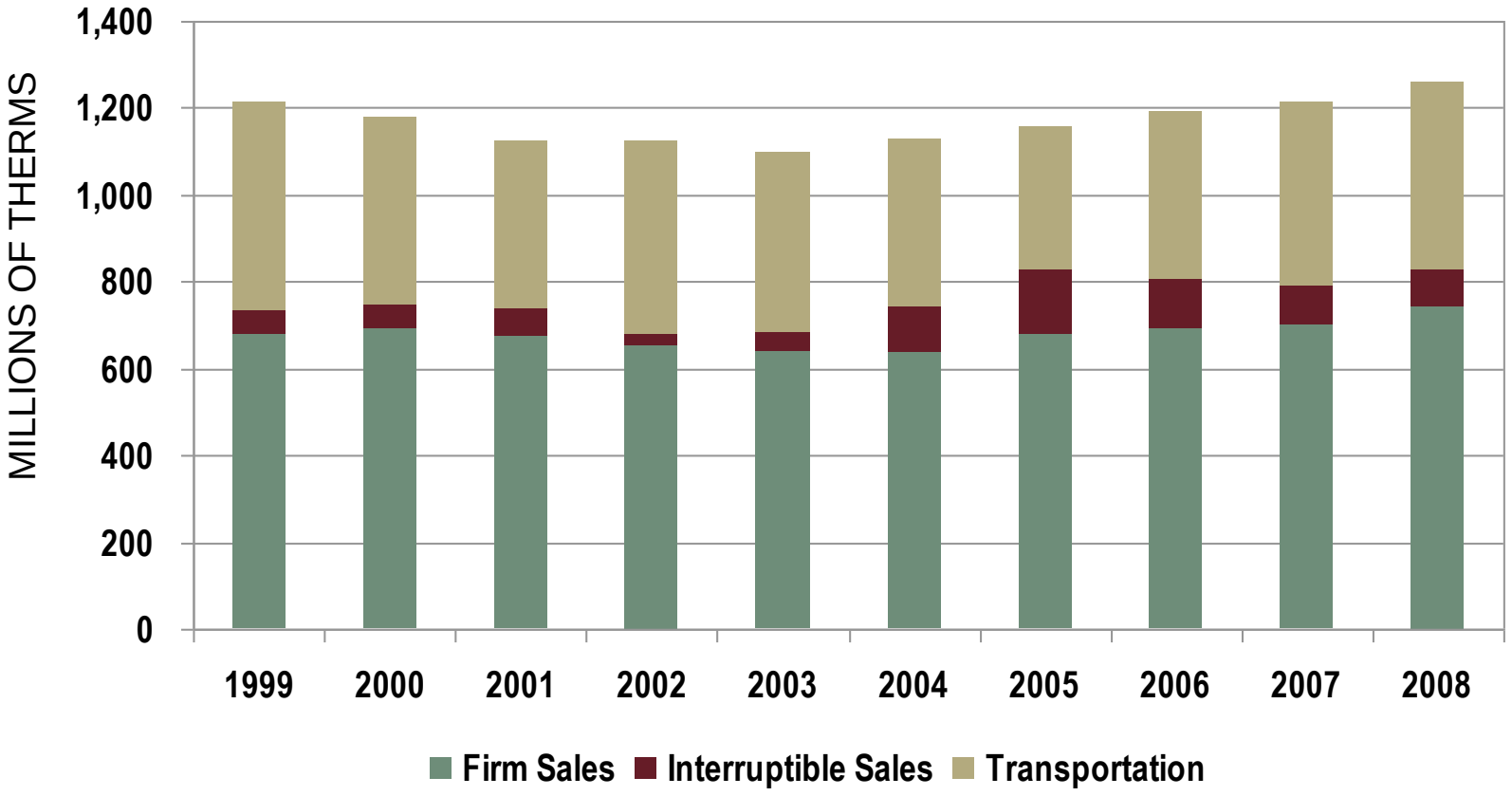
Net Utility Plant Investment



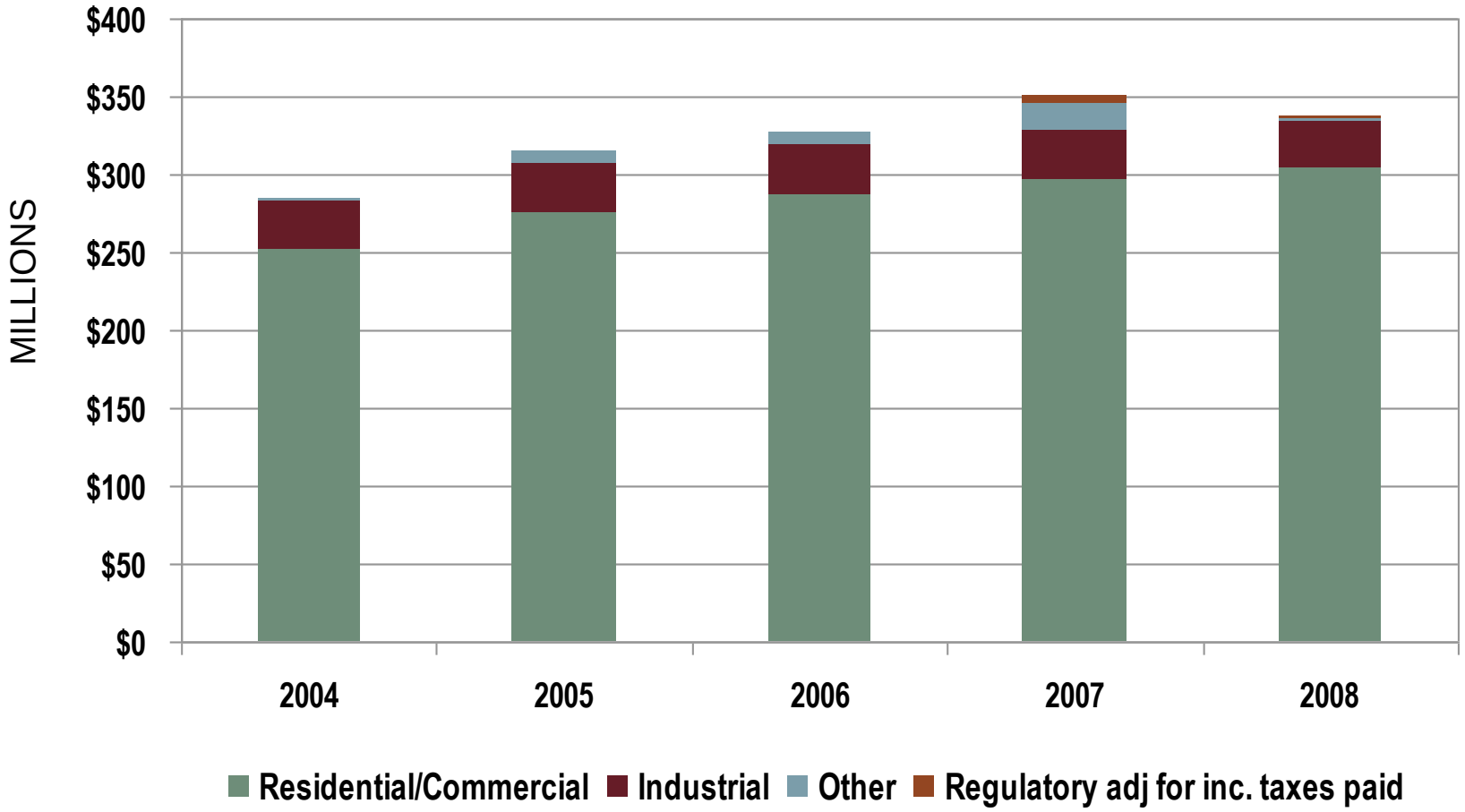
Capitalization



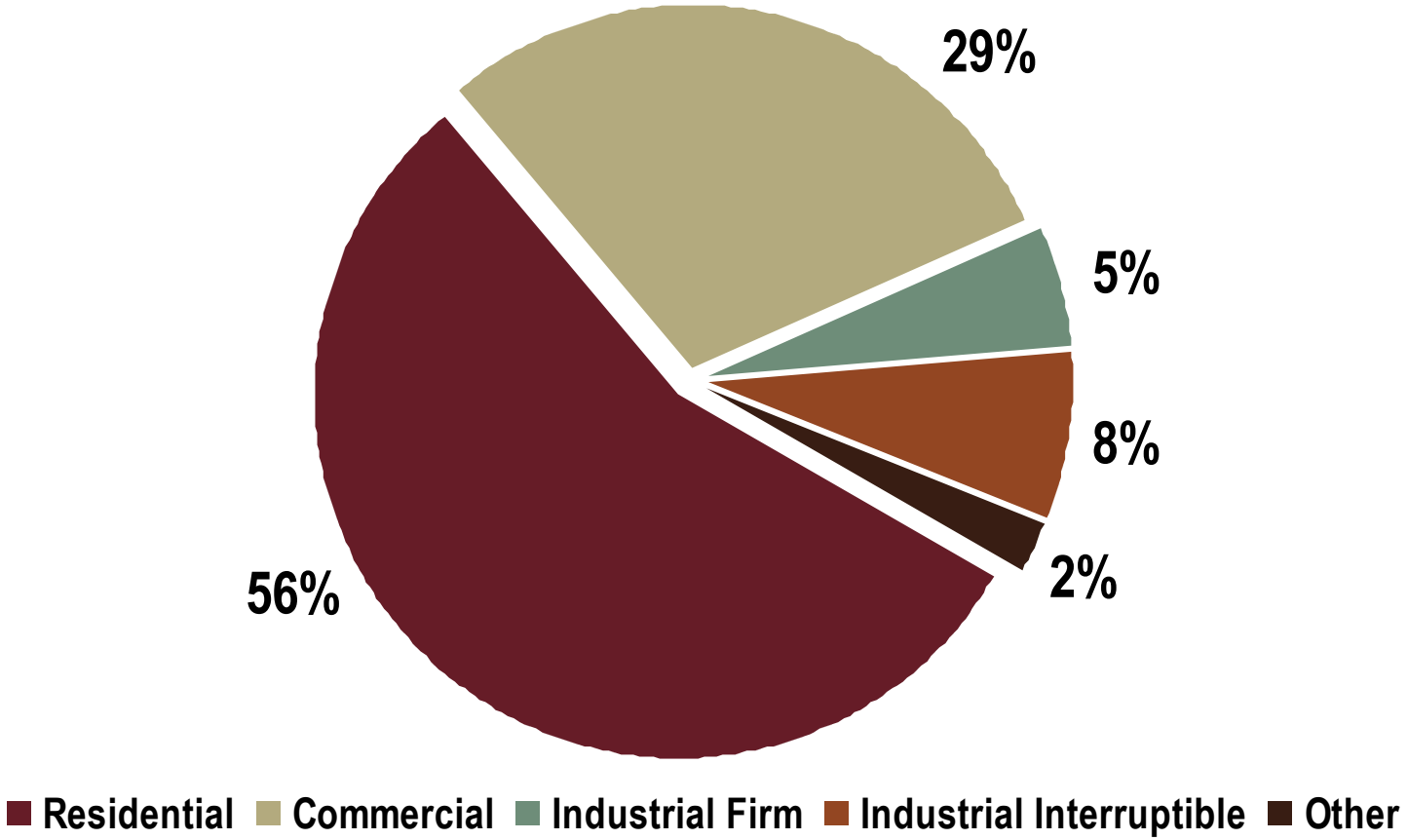
Gas Sales & Transportation Deliveries



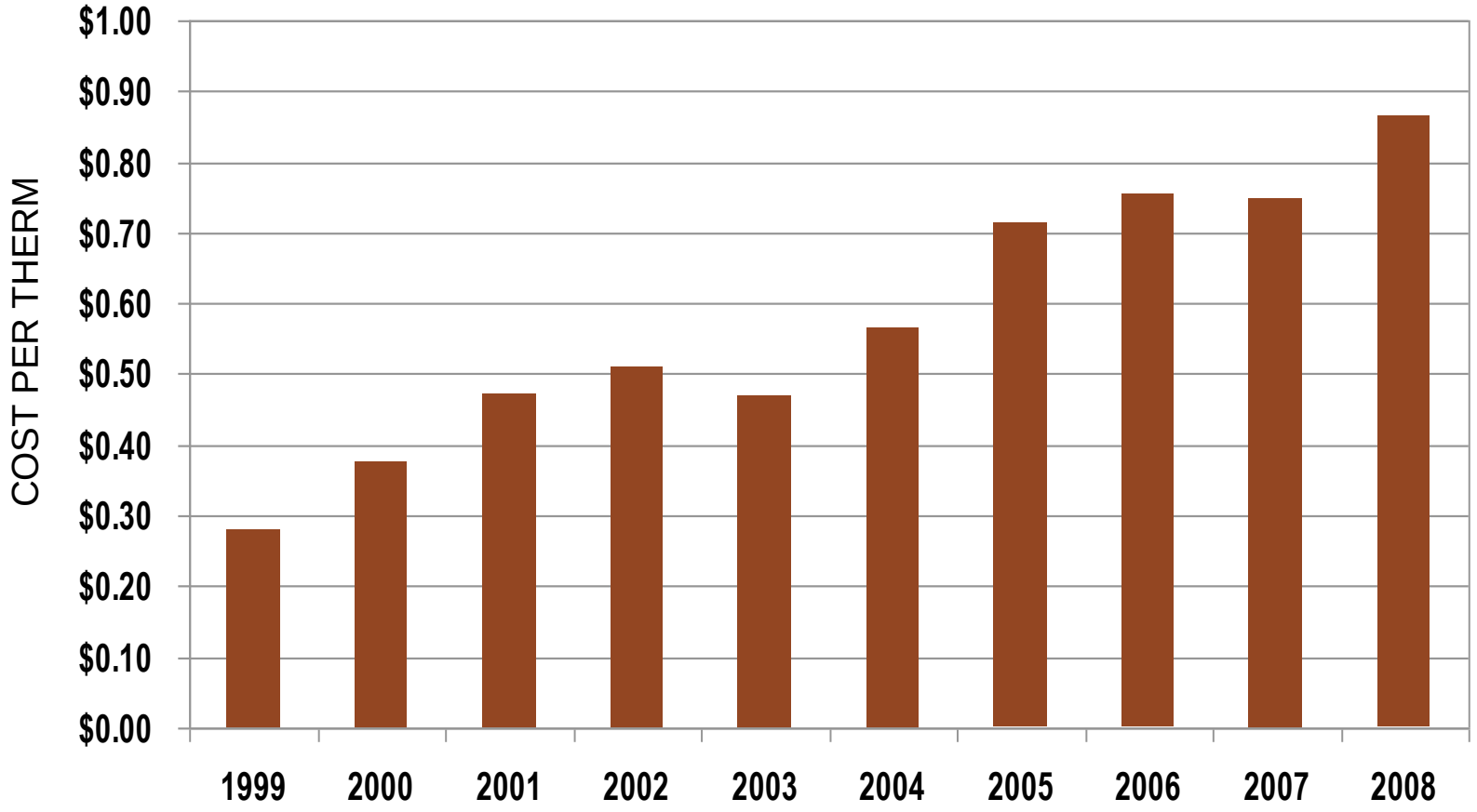
Utility Margin



2008 Utility Revenues

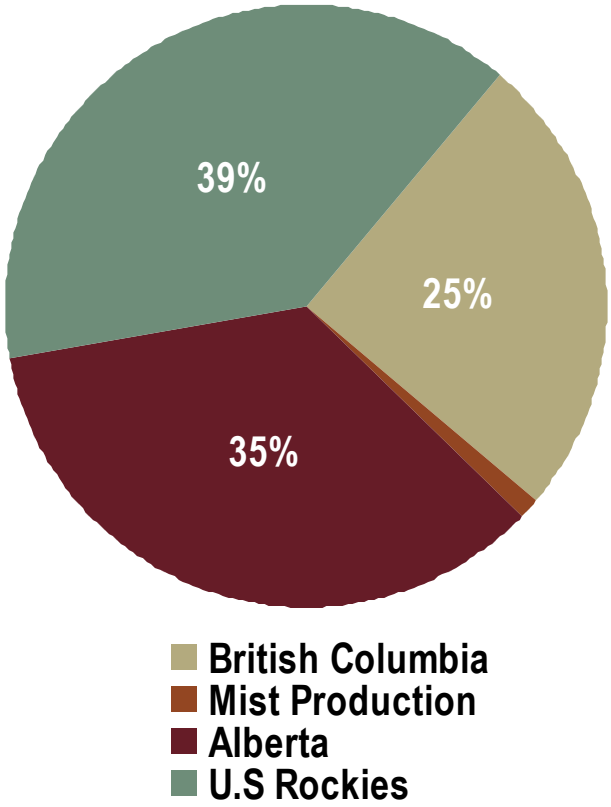


Average Cost of Gas Purchased

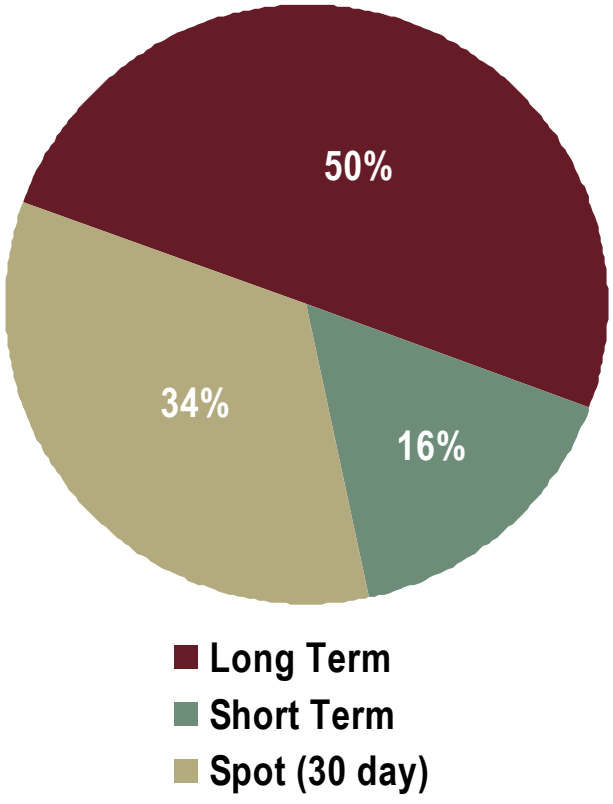


Gas Supply Diversity

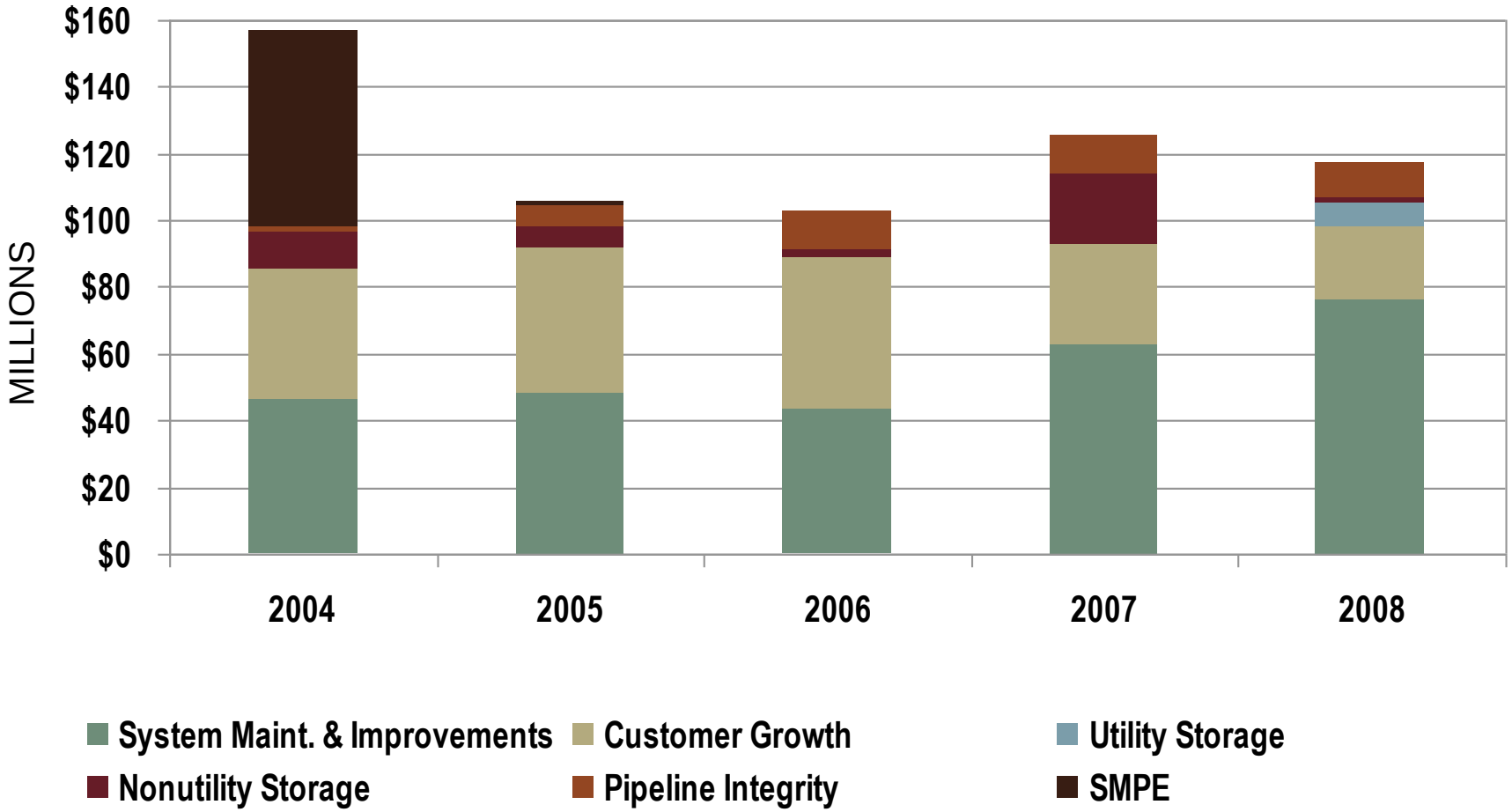
SUPPLY SOURCE



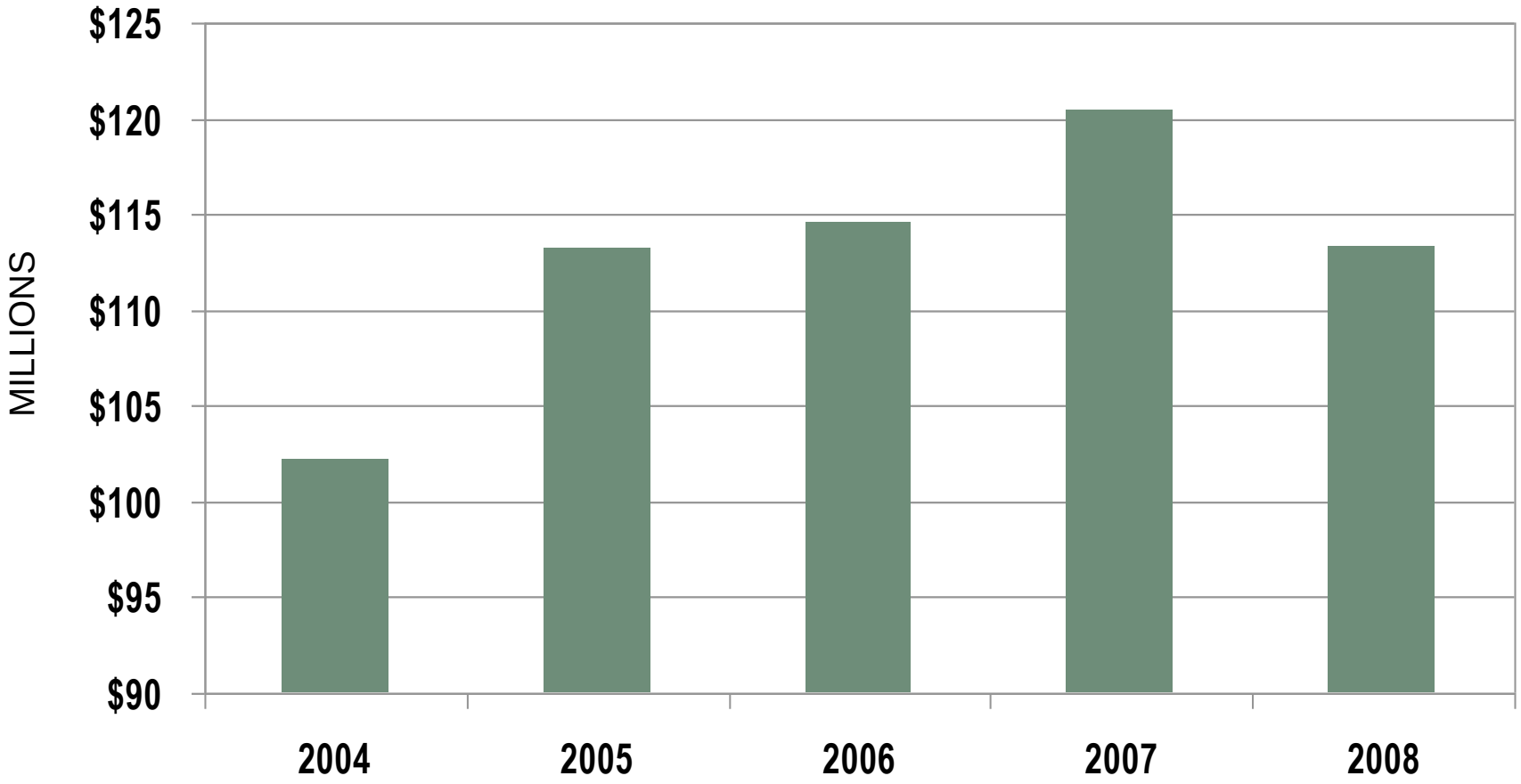
ORIGINAL CONTRACT LENGTH



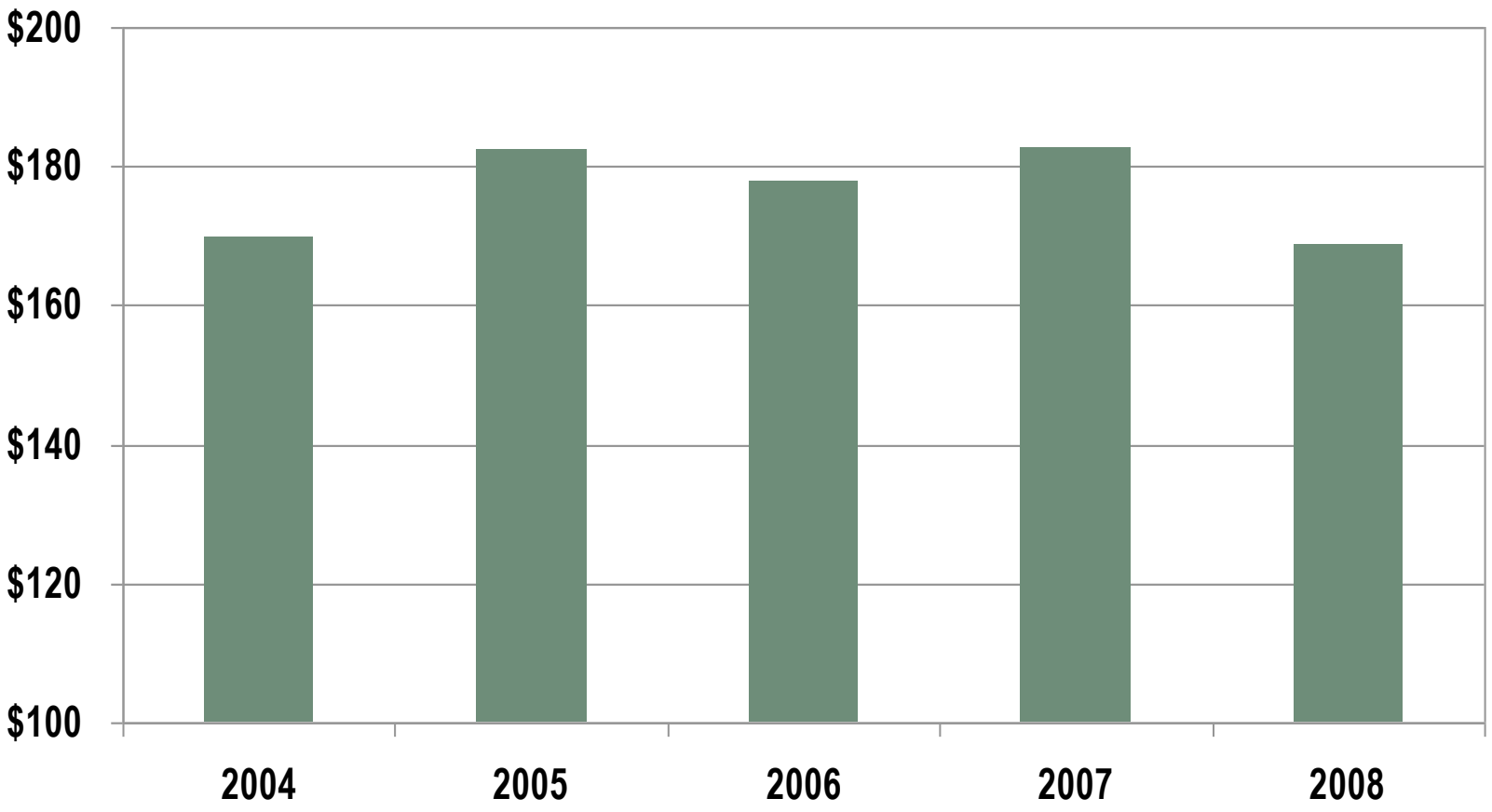
Capital Expenditures



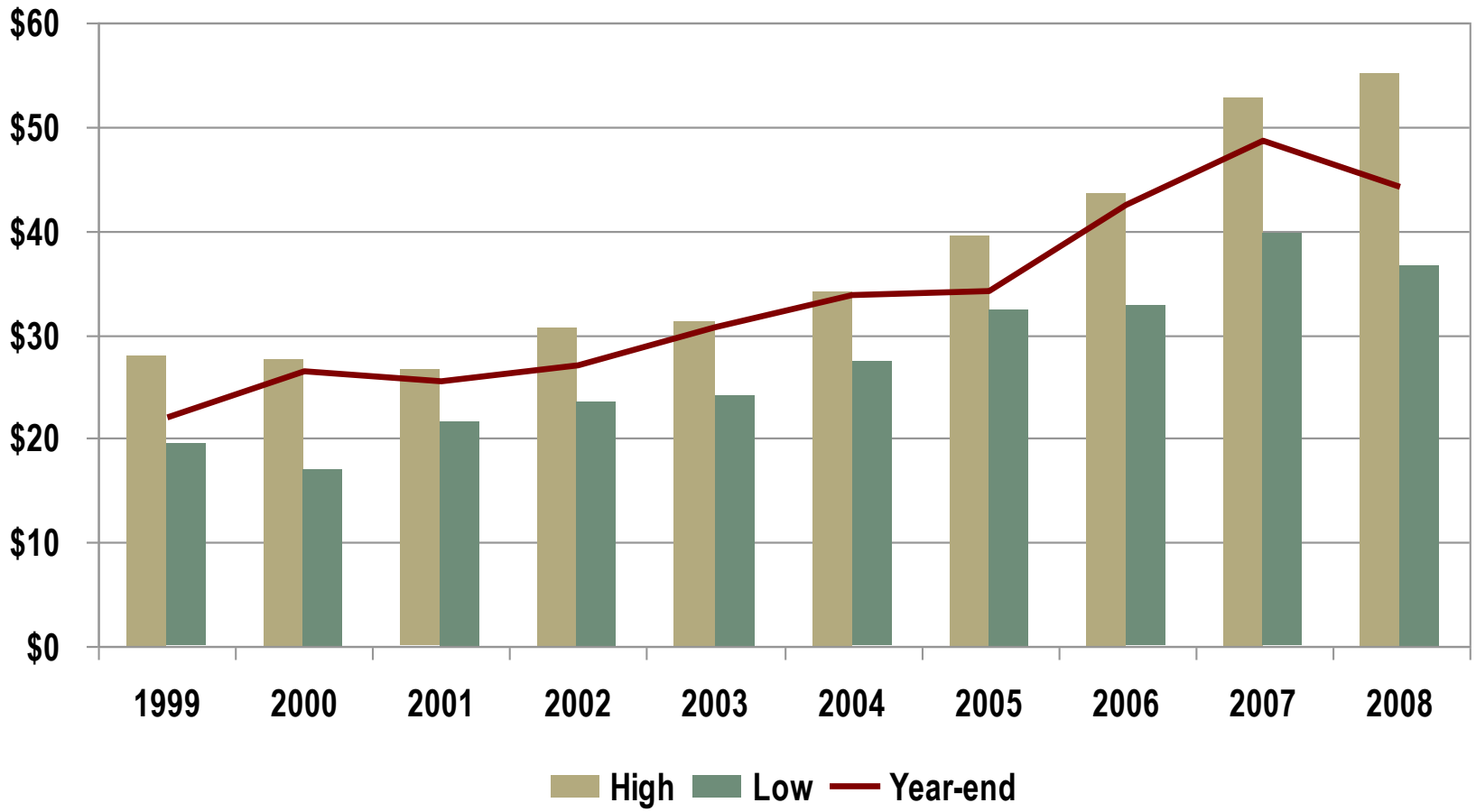
Operations & Maintenance Expense



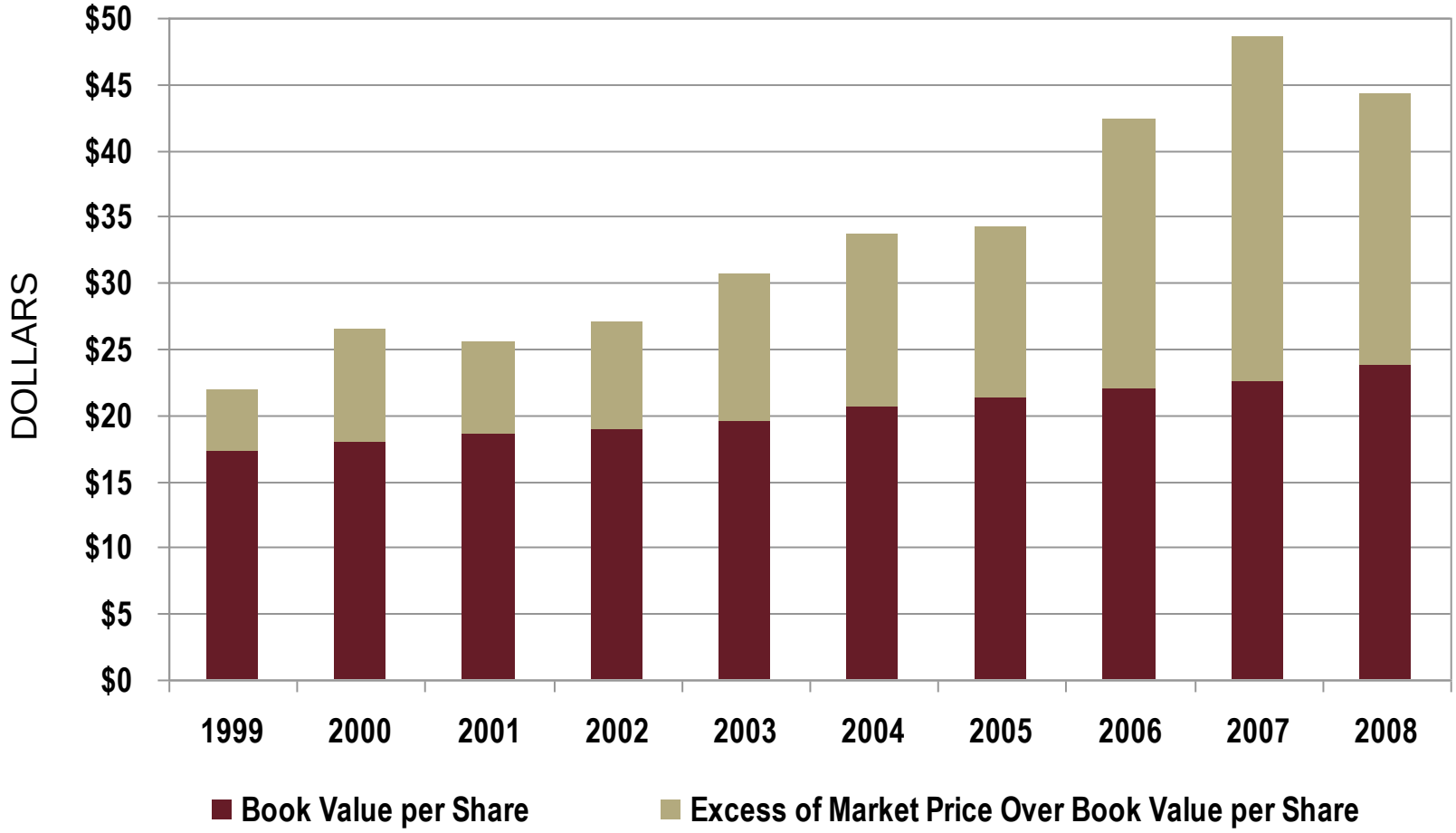
Operations & Maintenance Per Customer



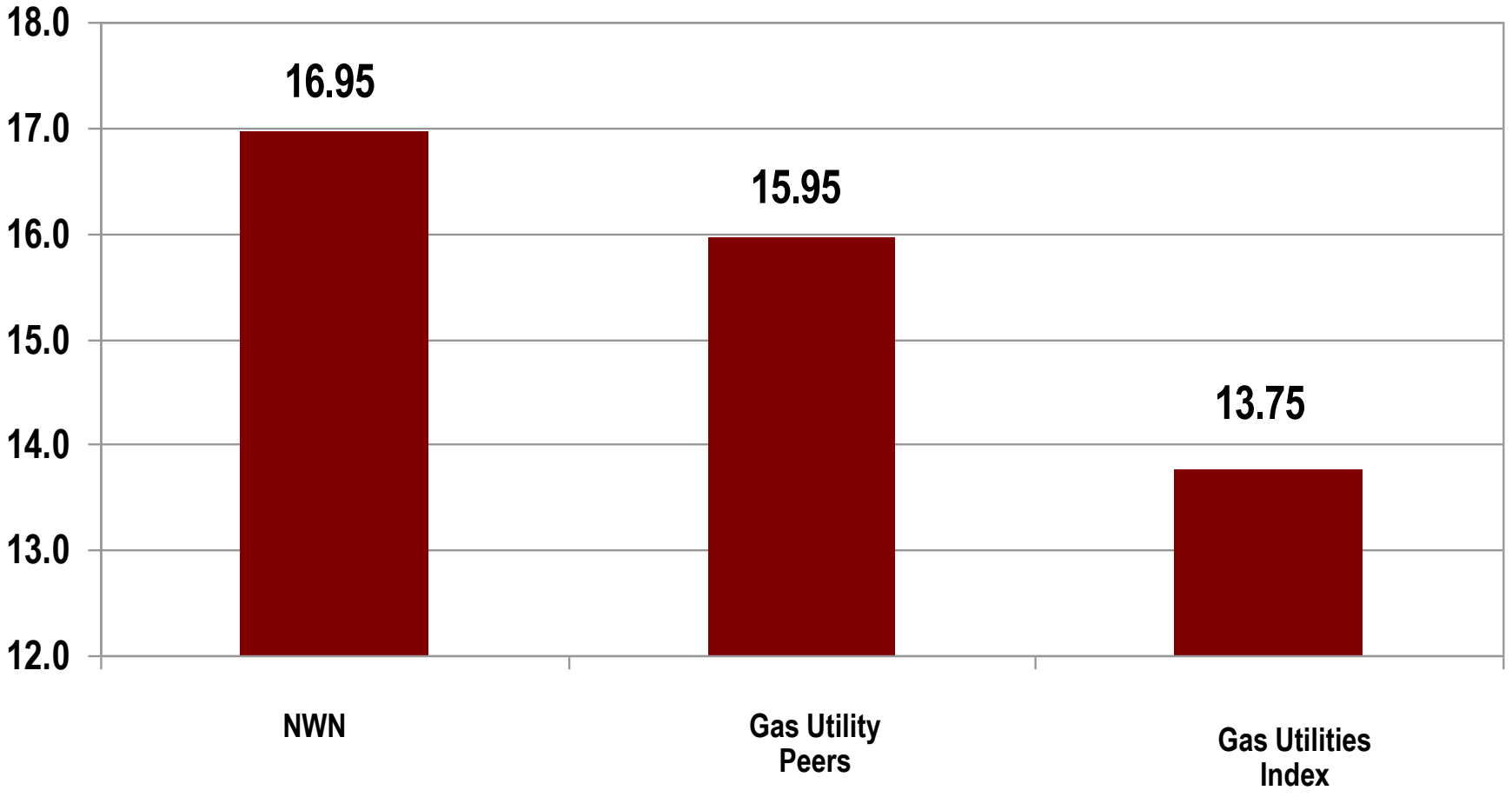
High/Low Market Price Per Share



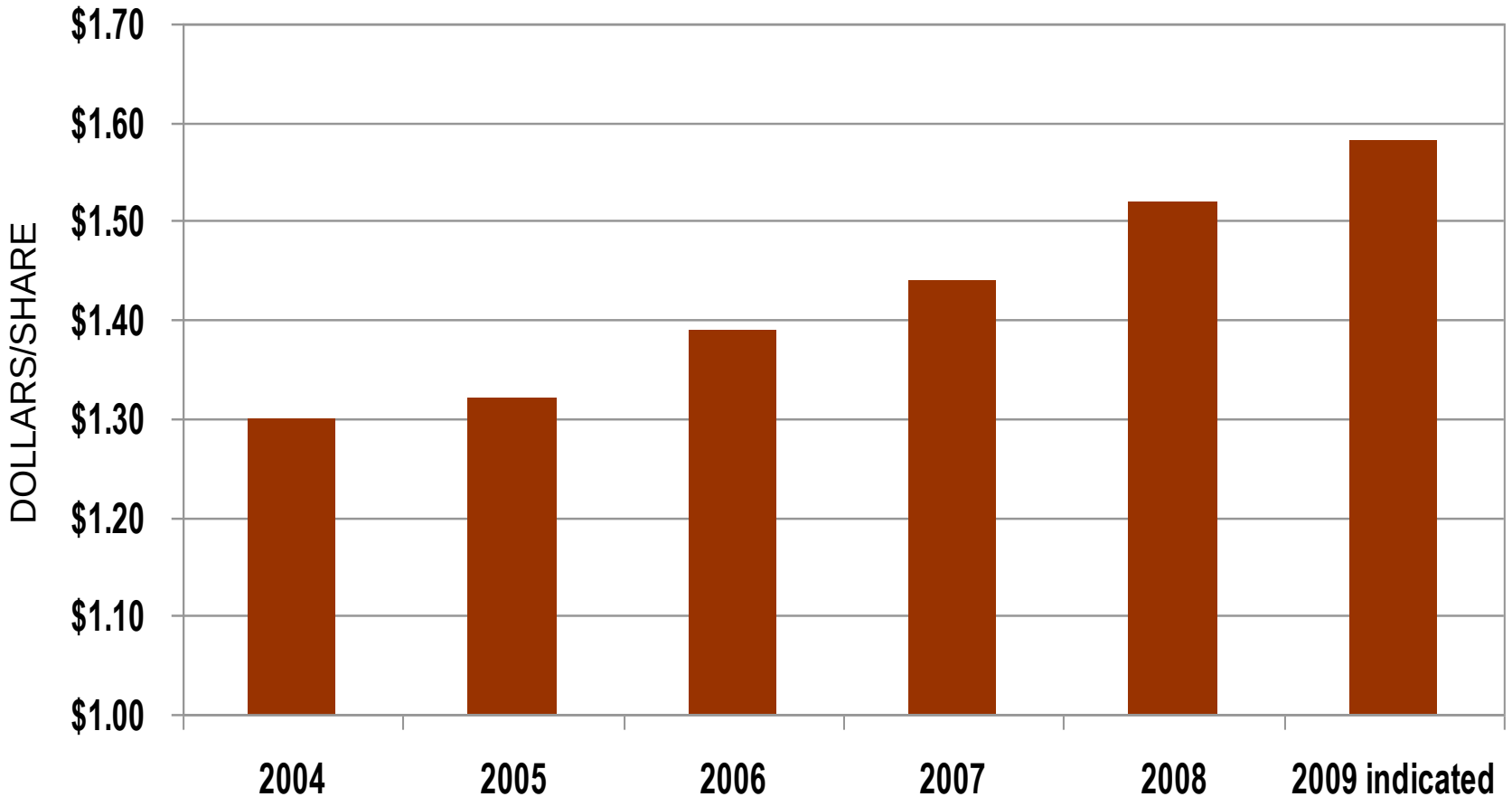
Year-End Market Price & Book Value



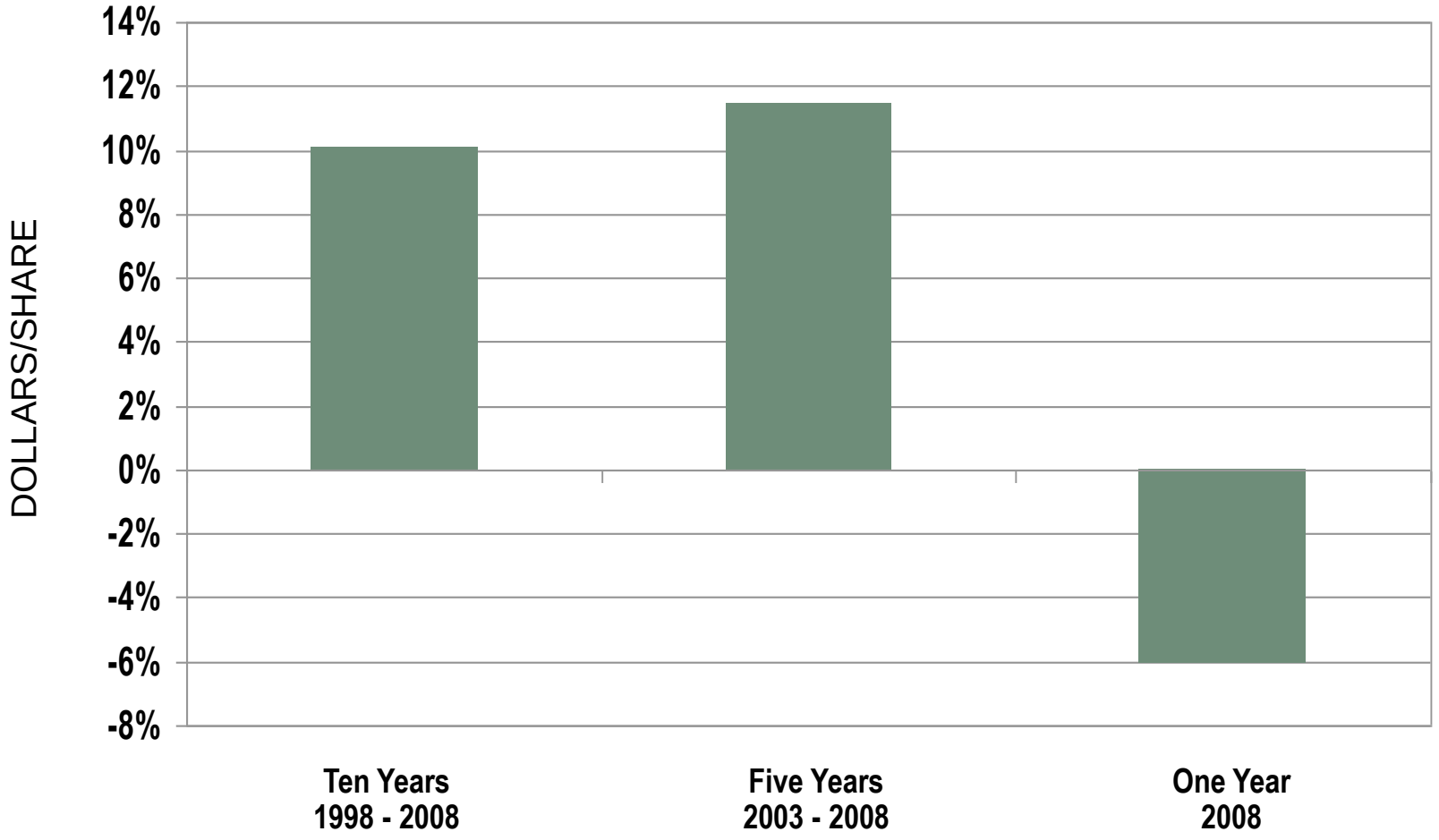
Year-End Valuation – P/E Multiple



Dividend History



Total Annualized Shareholder Return



Analysts Remarks

"Following strong 4Q08 EPS results above-consensus estimates, and an expected continuation of solid fundamentals into 2009 and 2010, we would remain buyers of NWN shares at current prices… Our outlook for EPS and dividend growth into 2009 and 2010 remains positive…We reiterate our Buy rating and $52 target price."

— ***Dan Fidell, Brean Murray Carret & Co.***

Analysts Remarks

"NW Natural is one of our favorite natural gas utility stocks. We are attracted to the company because of: 1) the line up of non-utility projects; 2) the core utility is realizing customer growth that is double the national average; and 3) the utility operates in a positive regulatory environment with decoupling and the gas cost incentive mechanism. We also note that the company pays a $1.58 per share annual dividend, with a current yield of 3.8%."

—Greg McGowan, Sidoti & Company

A Changing World: Challenges & Opportunities

Economy



Climate Change



Building for the Future

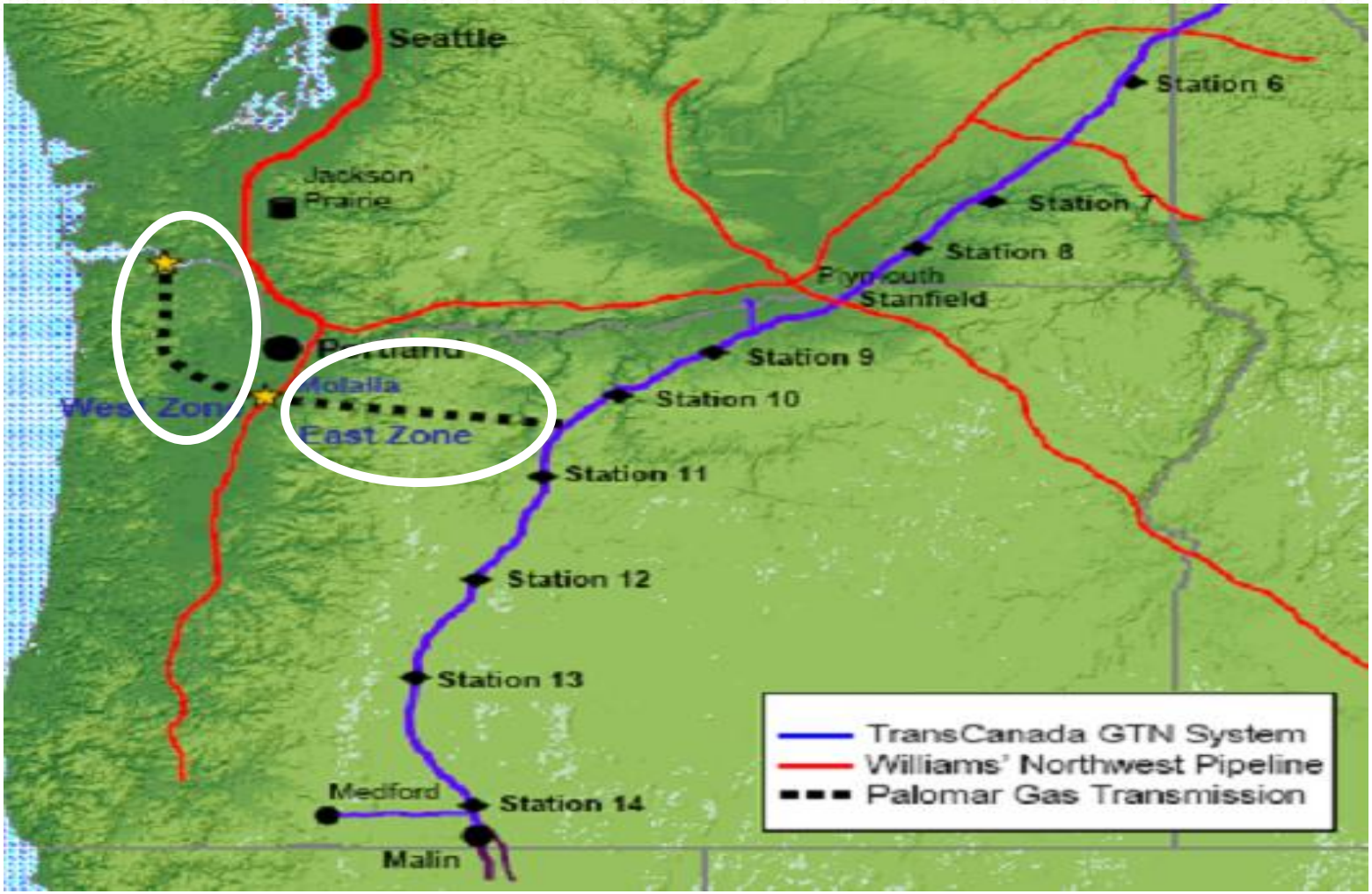


Gill Ranch Storage



GILL RANCH STORAGE

Palomar Pipeline



Environmentally Responsible Construction

South Mist Pipeline





Pipeline location indicated by dashed line.

Environmentally Responsible Construction

South Mist Pipeline



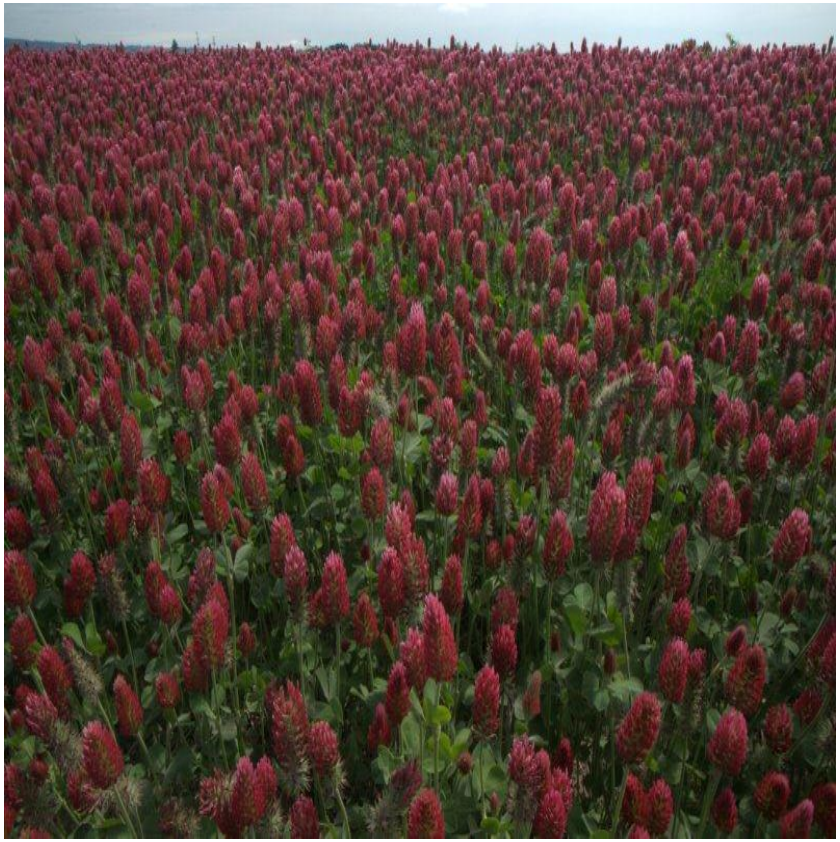


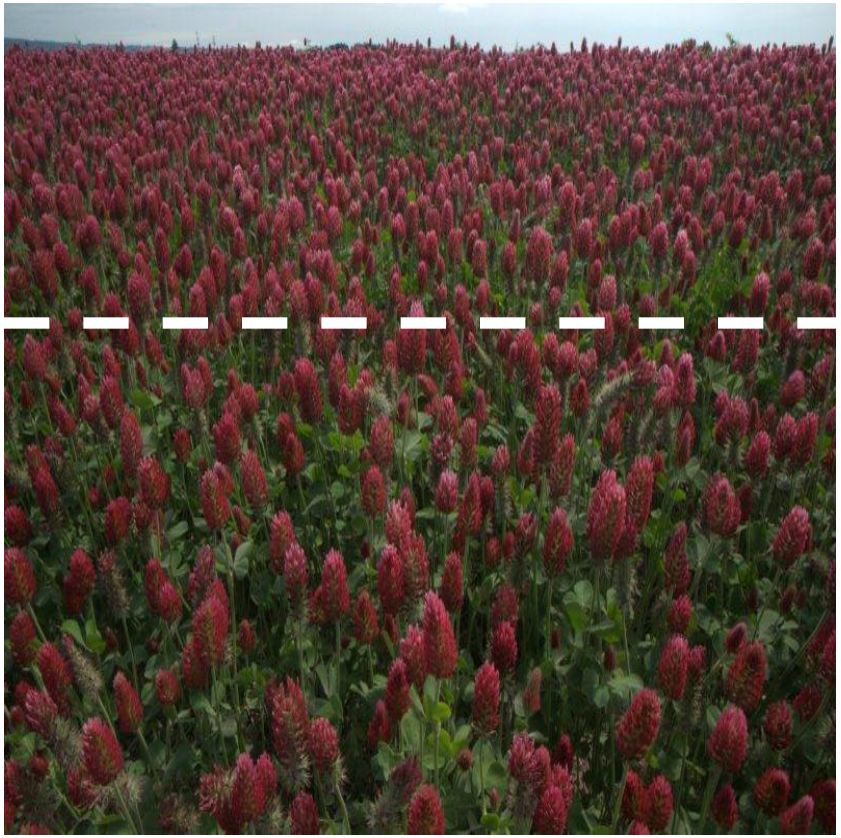
Pipeline location indicated by dashed line.

NW Natural® 150 YEARS 1859-2009

Environmentally Responsible Construction

South Mist Pipeline





Pipeline location indicated by dashed line.









































WE GREW UP HERE







