

LEAD. INNOVATE. GROW.

2015 ANNUAL SHAREHOLDER MEETING

NW Natural®







GREGG KANTOR

President & CEO

NW Natural®

Forward Looking Statements

This presentation made by NW Natural contains 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; business risk; goal achievement; system reliability; weather; safety and improvements; infrastructure investments and demands; customer commitments and growth; emissions levels and leak rates; response time, procedures and management; economic and housing sector recovery; timing or effects of future regulatory proceedings or future regulatory approvals, regulatory prudence reviews, availability and effects of regulatory mechanisms, including, but not limited to the recovery of environmental expenses; environmental cost recoveries; gas storage development and costs or timing related thereto; business development opportunities and growth initiatives; competitive positioning and marketing efforts; automation; gas reserves and investments and regulatory recoveries related thereto; Trail West Pipeline viability and timing; hedging efficacy; effects of legislation; Company value; revenues and earnings and timing thereof, margins, cost management, dividends, credit ratings, liquidity, capitalization, net worth, total shareholder return, effects of regulatory disallowance, performance, 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. We caution you therefore against relying on any of these forward-looking statements. 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 the Company's most recent Annual Report on Form 10-K and in the Company's quarterly and periodic reports filed thereafter. All forward-looking statements, whether written or oral, 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.

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TOD HAMACHEK

Chairman of the Board

NW Natural®







SHAWN FILIPPI

Vice President & Corporate Secretary

NW Natural®







GREGG KANTOR

President & CEO

NW Natural®

Safe & Reliable



NW Natural®

Award-winning Customer Service



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System Enhancements



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Challenges



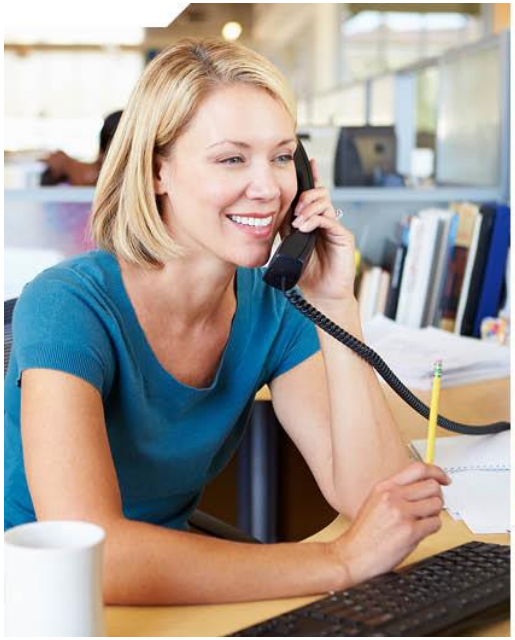




- Weak storage values impacted Gill Ranch
- Cost of gas related to sharing mechanism
- Complex environmental docket
  - $114 million of environmental expenses prudent
  - $150 million of insurance settlements prudent
  - After-tax disallowance of $9 million
- Going forward, *full* recovery of prudent costs

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Positive Economic Gains



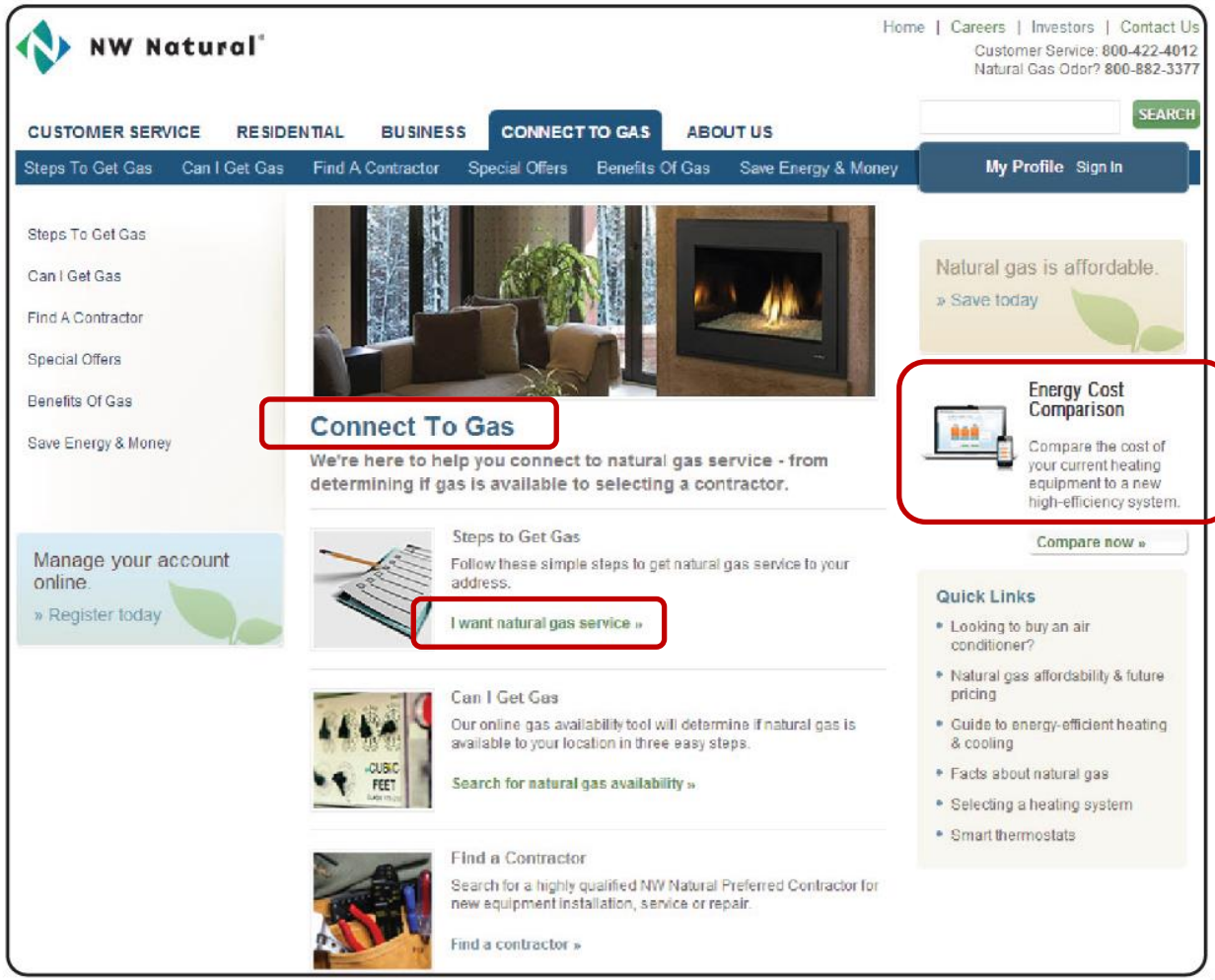




- Employment rebounded to prerecession levels
- Housing sector on upward trend
- Added 700,000th customer
- Customers paying less than 10 years ago

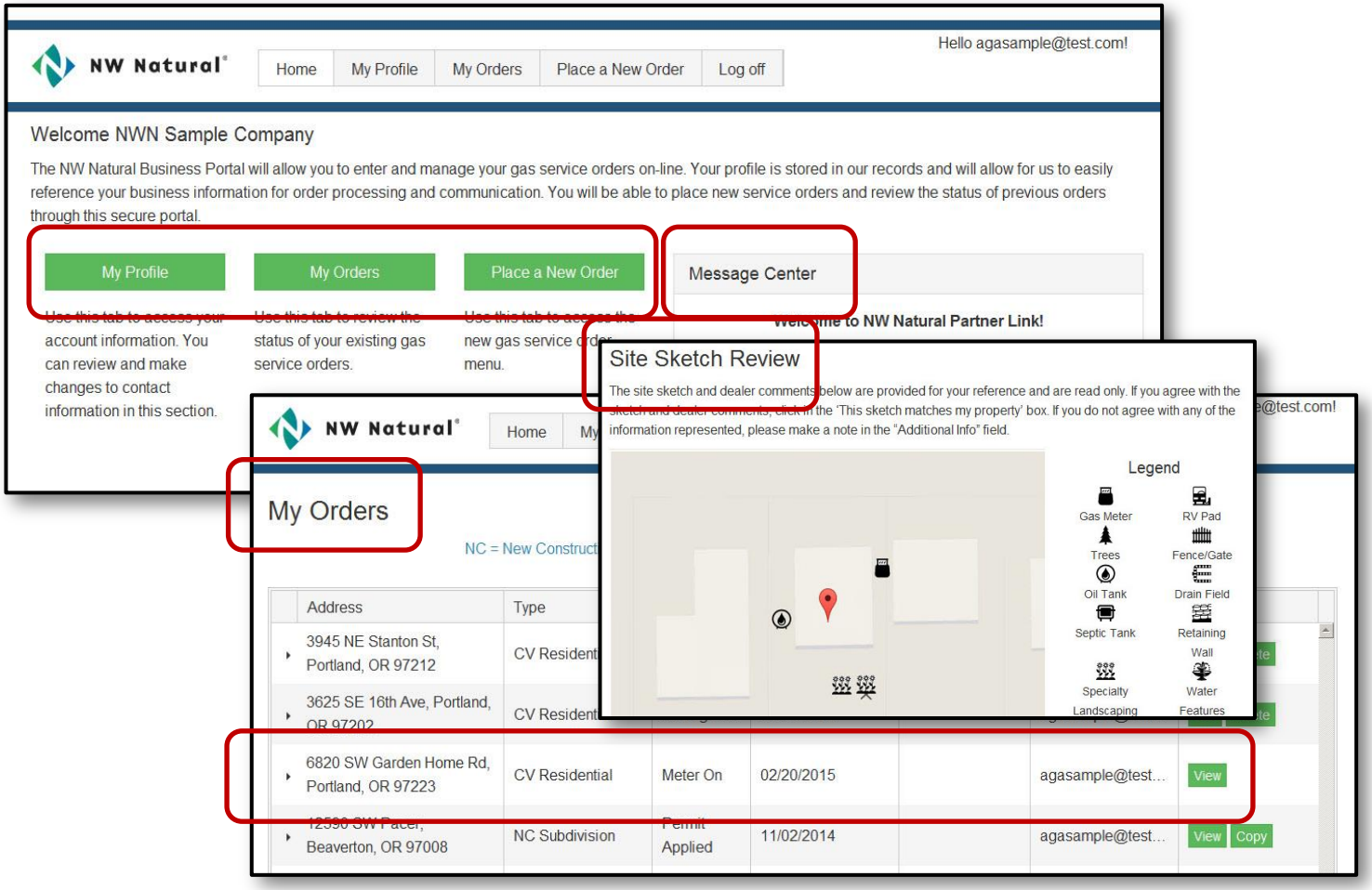
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Connect to Gas



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Trade Ally Support



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Planning for the Future







- Plan for Oregon and Washington investments
- Clark County – fastest growing
- Modernize Newport LNG facility
- New infrastructure to meet demand
- Regulators acknowledged plans

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Gas Reserves







JONAH ENERGY LLC

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Solid Performance







- Improvements in customer growth to 1.4%
- Added rate-base returns from system upgrades and gas reserves
- Advanced our growth initiatives

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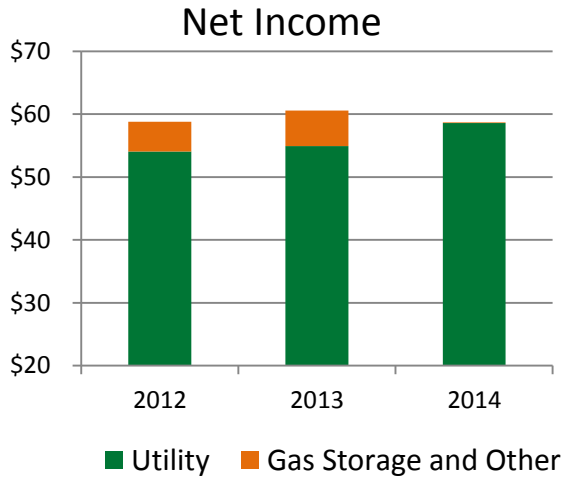
STEVE FELTZ

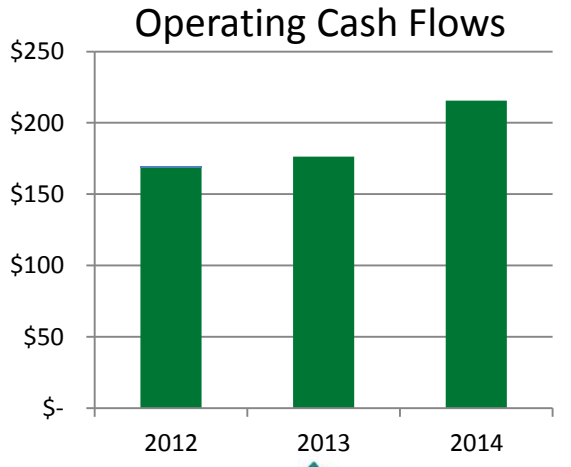
Senior Vice President & CFO

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Year in Review

- Financial results
  - Net income of $59 million ($2.16 per share)
  - Total shareholder return 22%
- Financial Condition
  - Operating cash flows gained $40 million
  - Total assets grew $94 million
  - Shareholders' equity grew $15 million
- Stable credit ratings
  - AA- from Standard & Poor's
  - A1 from Moody's
- Increasing Dividends
  - 59th consecutive year



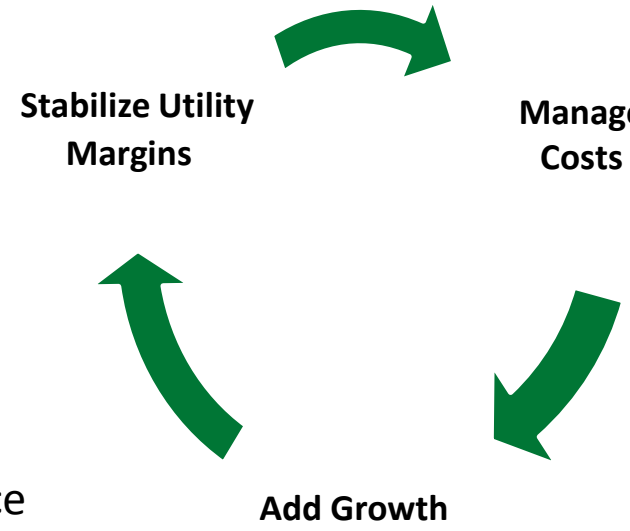


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Financial Strategy

Conservative, low-risk business model

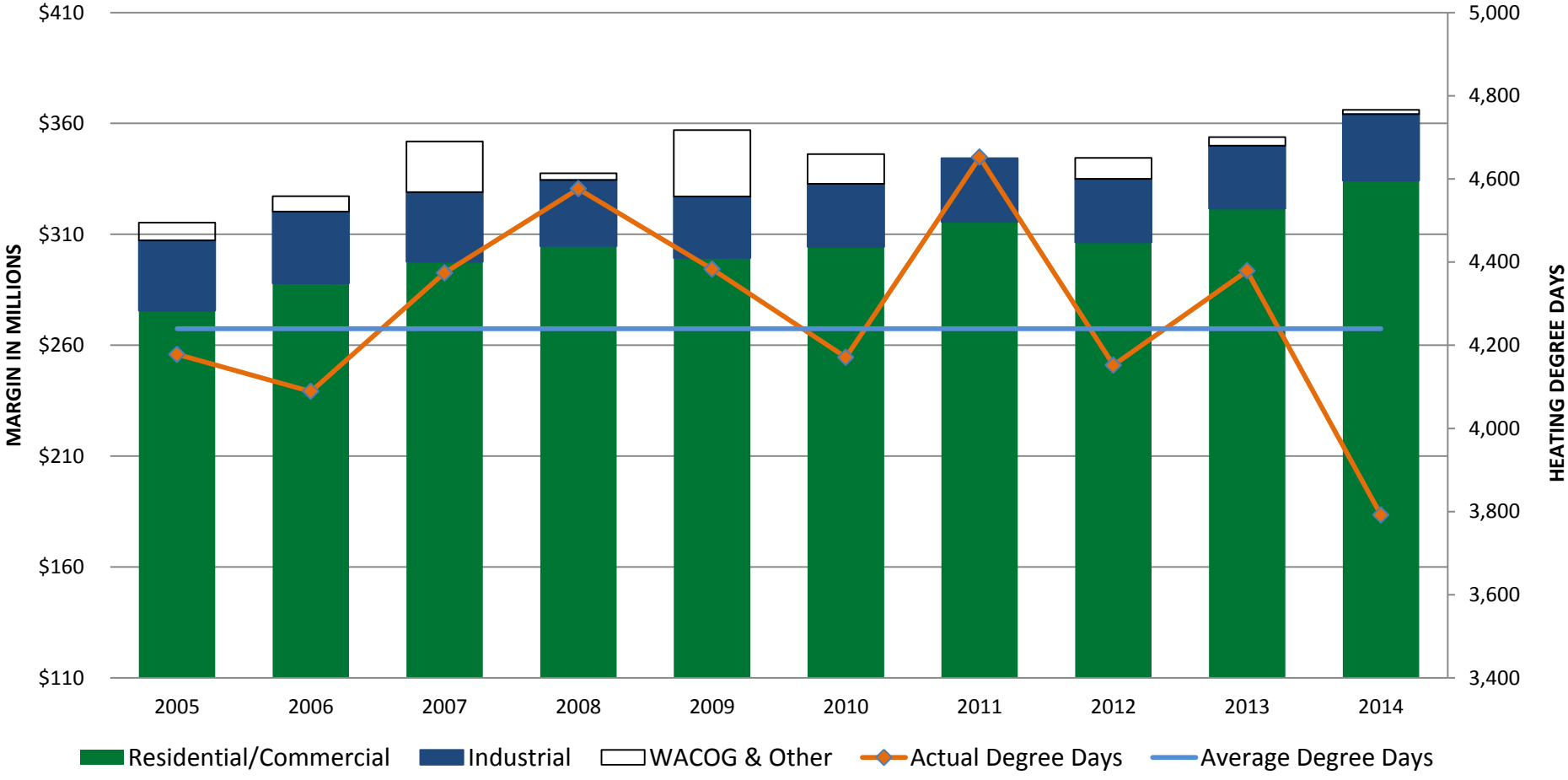
1. ***Stabilize margins through regulation***
   - Weather & decoupling mechanisms
   - Cost and rate base tracking mechanisms
   - Constructive regulatory relationships



2. ***Manage costs***
   - Commitment to safety, reliability, and quality service
   - Continued focus on technology, efficiency improvements

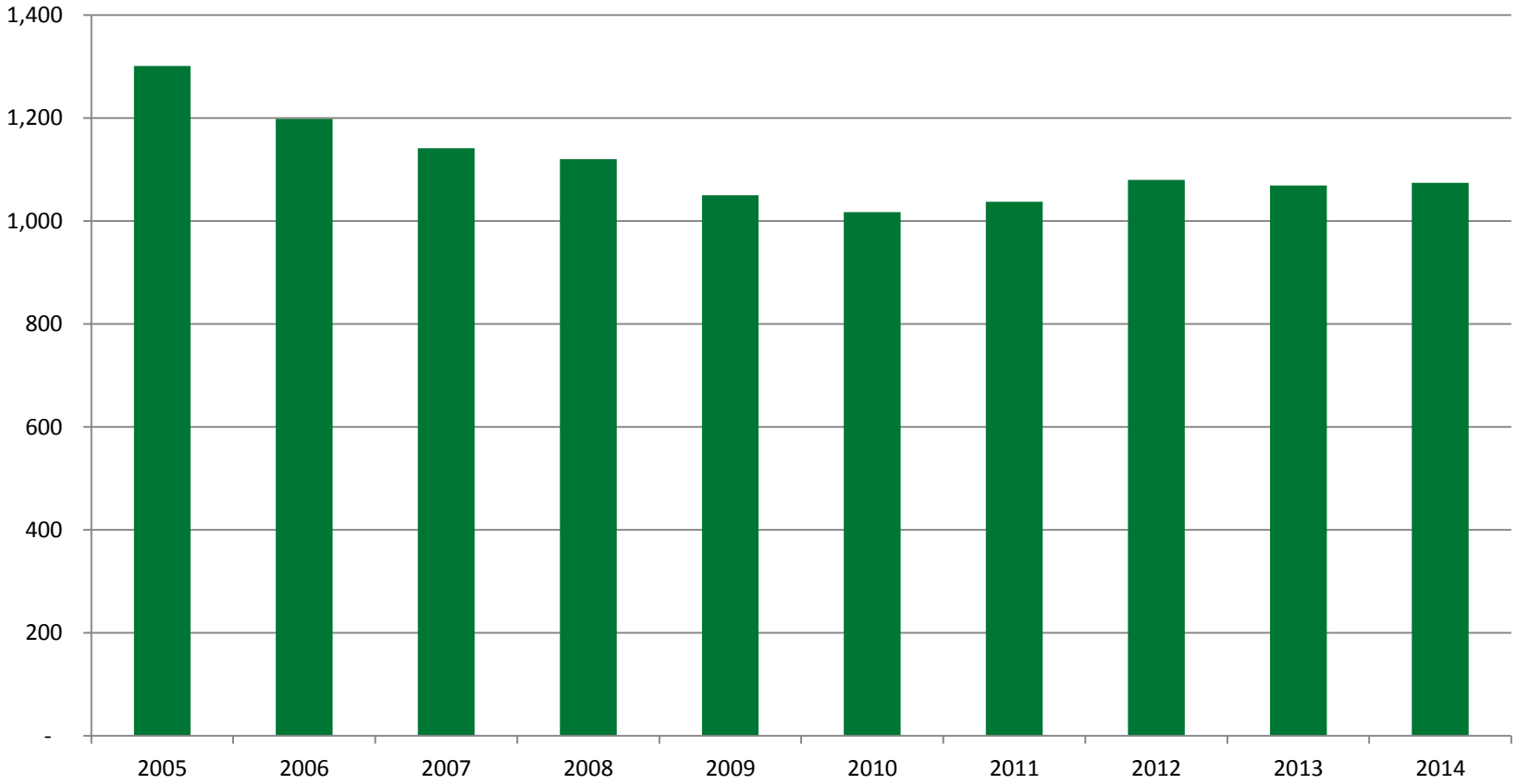
3. ***Add long-term growth opportunities that fit NWN's risk profile***
   - Utility: steady growth in customers and rate-base investments
   - Storage: long-term contracts, asset optimization, planned expansion

Utility Margin



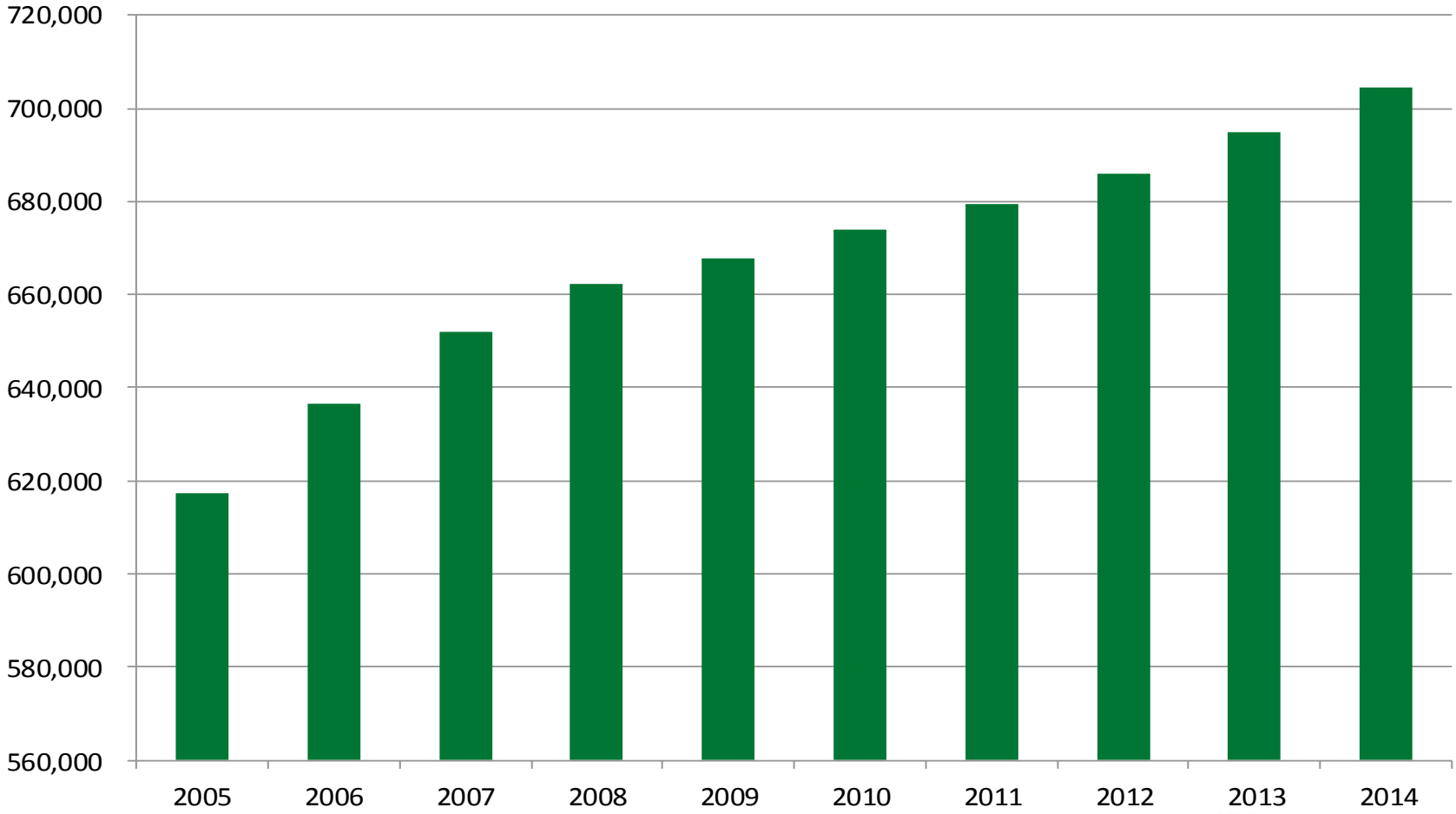
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Total Utility Employees



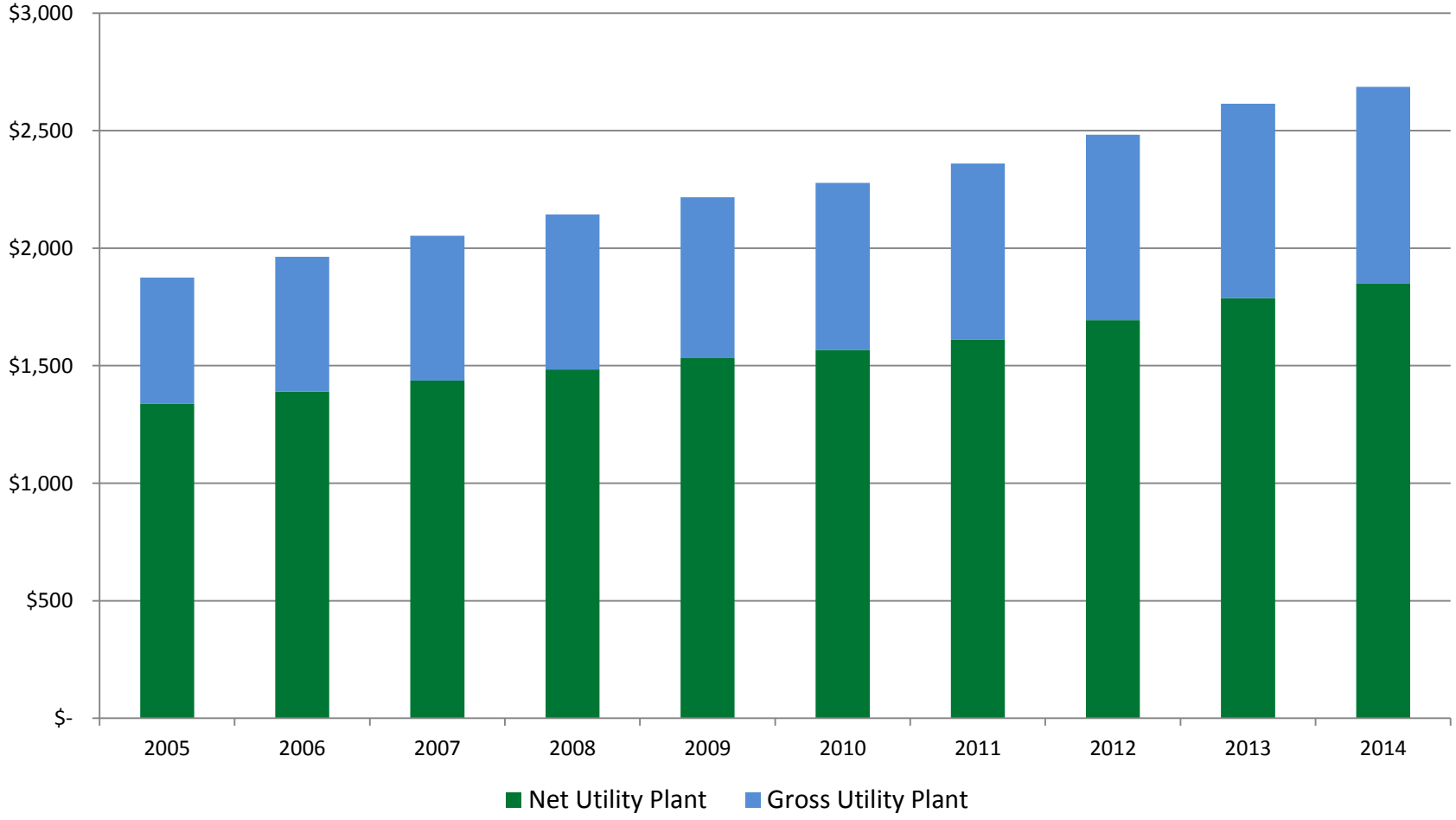
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Customers



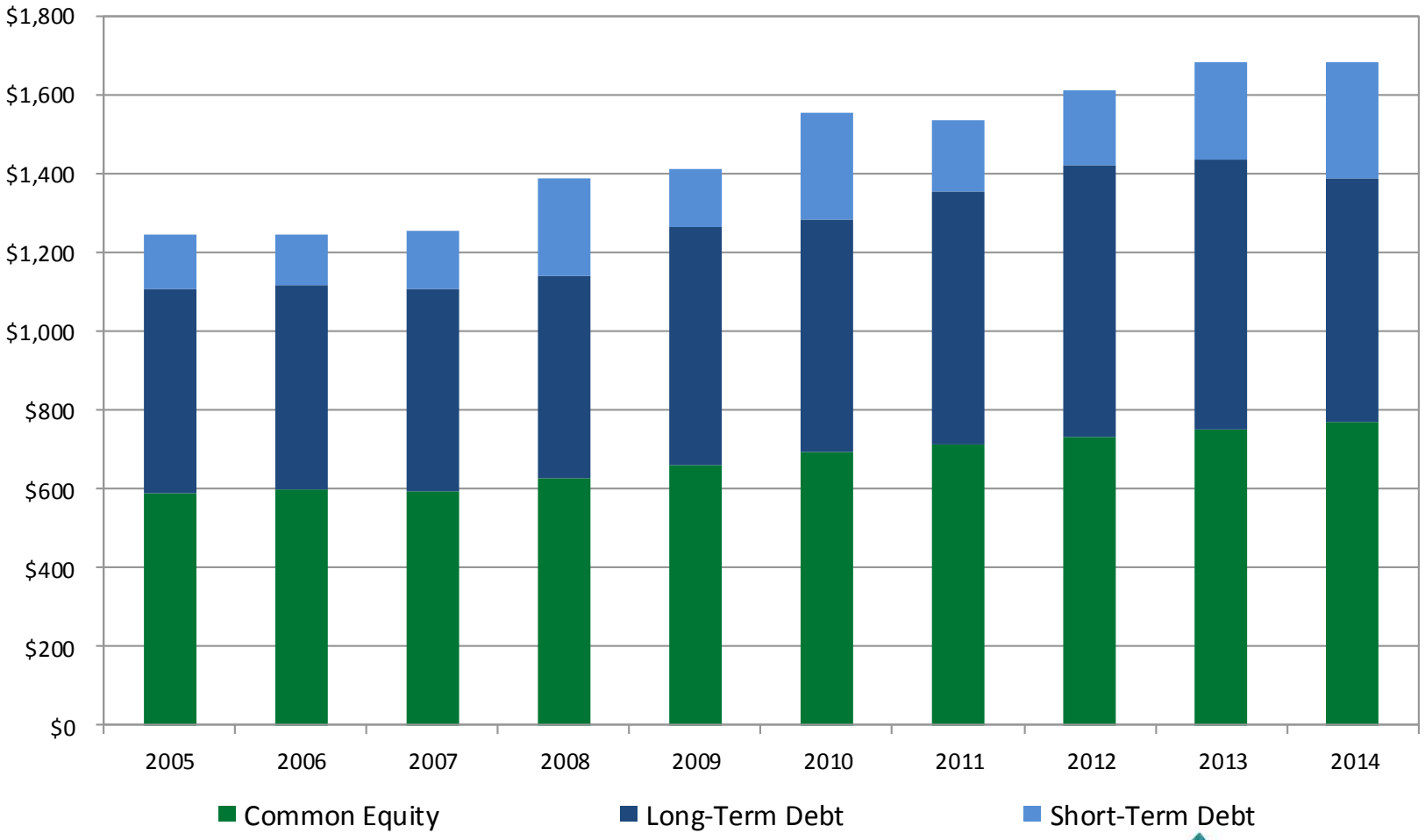
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Utility Plant Investments



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Capitalization



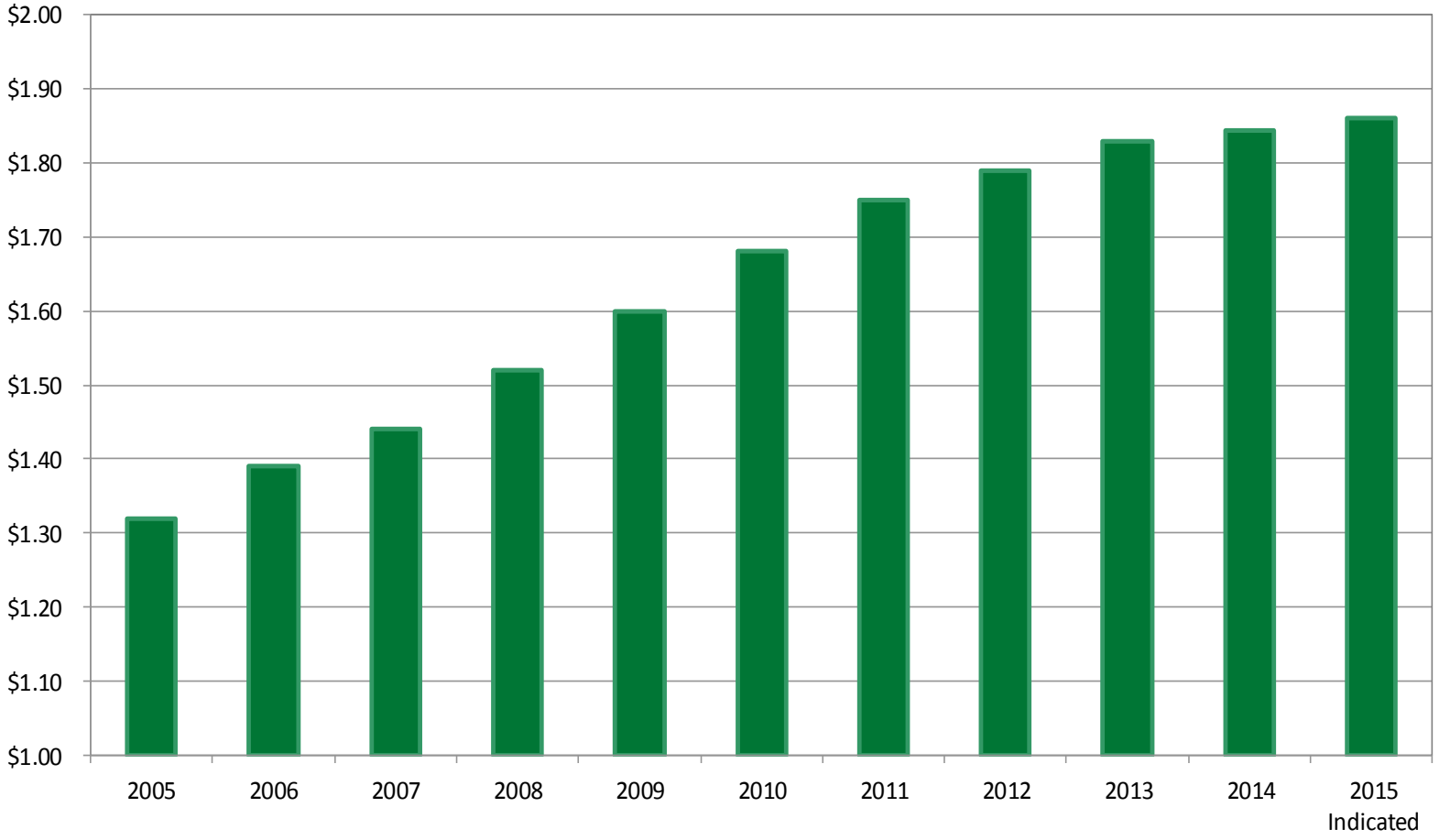
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Year-End Book Value & Market Price



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Dividend History



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DAVID ANDERSON

Executive Vice President & Chief Operating Officer

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Winter 2014

Record send out – 9 million therms



Photo courtesy of The Oregonian, Feb. 2, 2014

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Storage and System Improvements



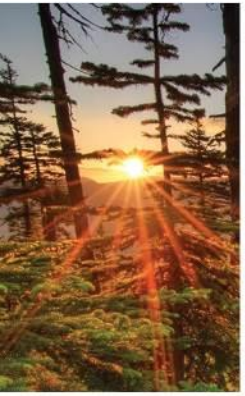




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Fast Growing Clark County







- New high-pressure line
- Serving 70,000+ customers
- Home sales up 8% last year
- Average sale price up 10%

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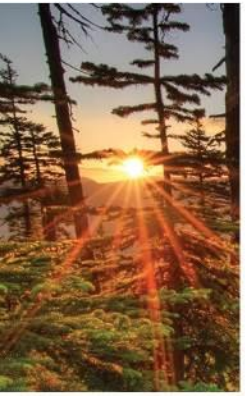
Pipeline Reinforcement



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Emissions



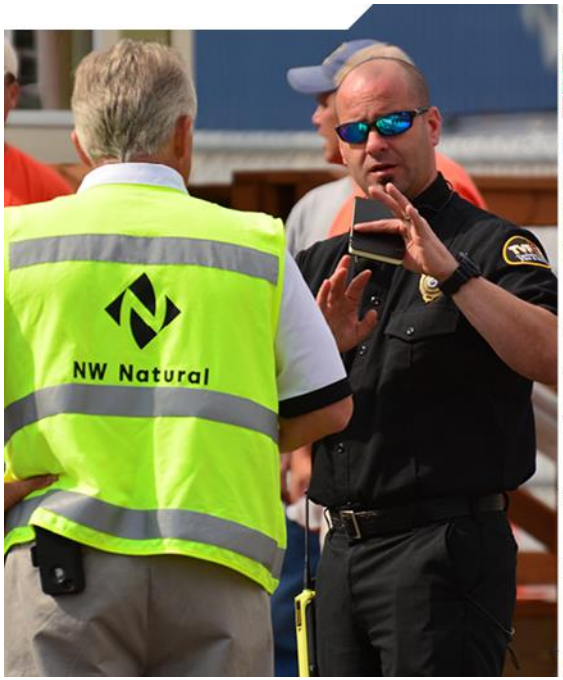


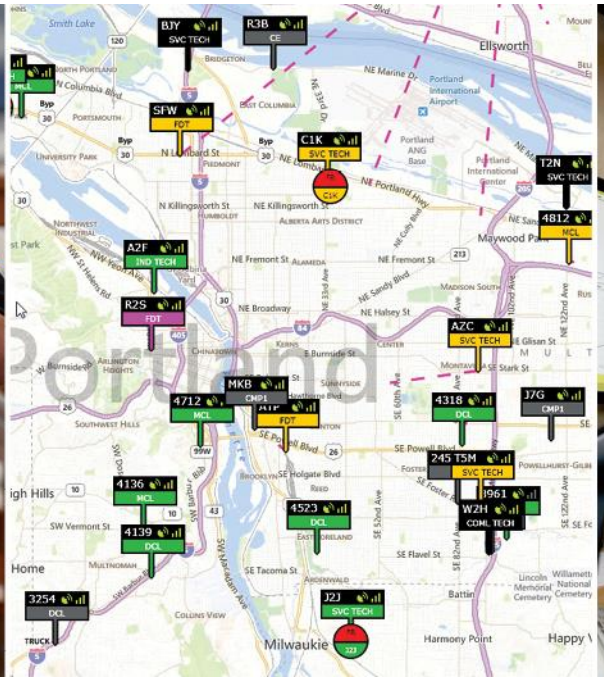


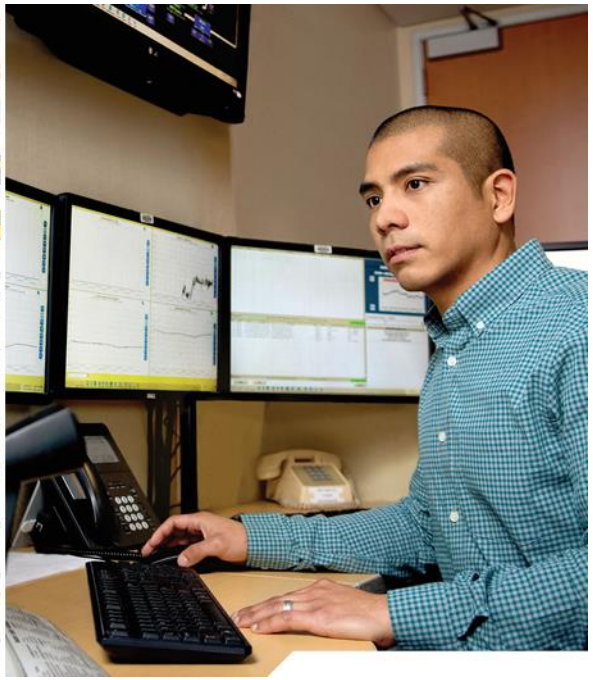
- Environmental Defense Fund study evaluated emissions from LDC systems
- NW Natural results strong
- Our results compared to EPA estimates:
  - 90% lower overall
  - 53% lower for mains and services
  - 93% lower for meters, regulators, gate stations

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Emergency Response

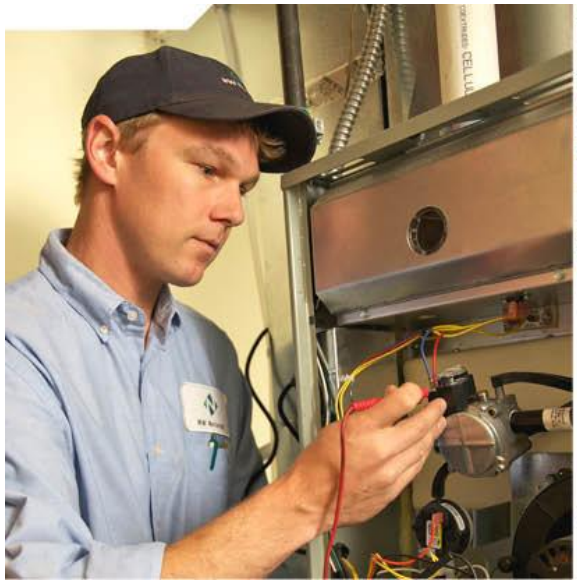






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Service Calls





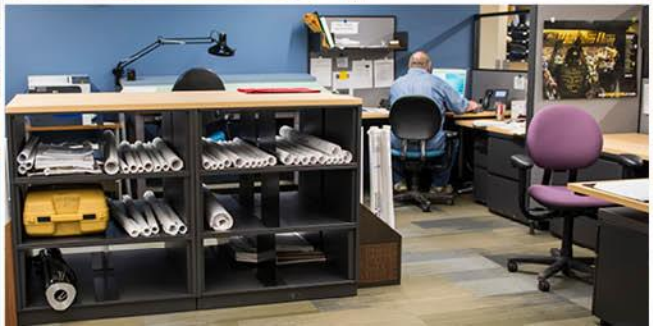


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Upgrading Facilities





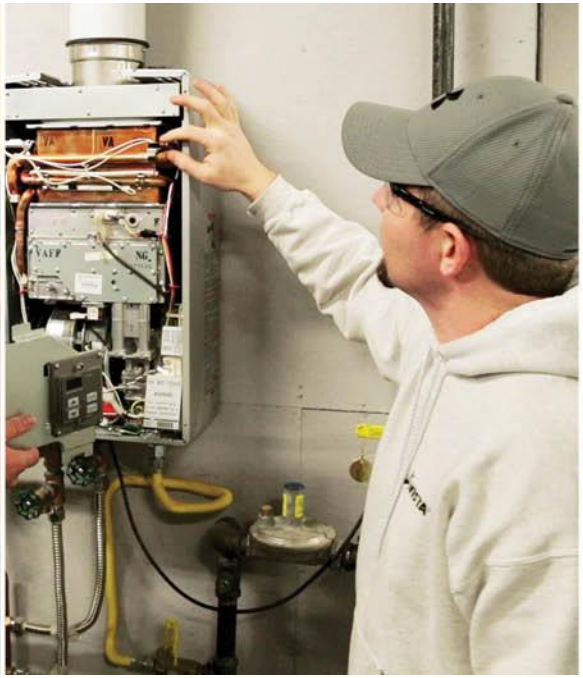




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Back-up Operations

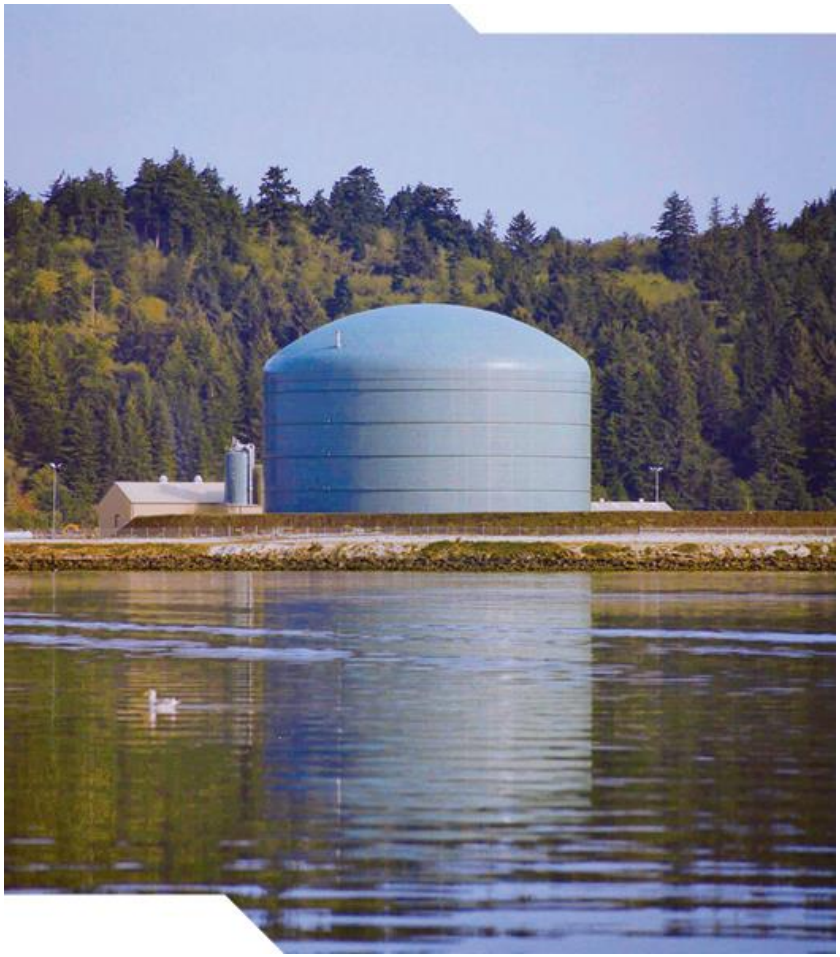






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Modernizing Newport

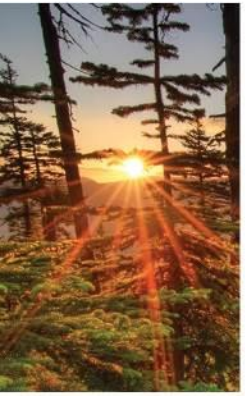


- Provides service on peak days
- Upcoming investment of about $20 million
- Assessing similar improvements to Portland LNG plant

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Strong Workforce







- New 5-year labor agreement signed
- Employee safety efforts driving improvements:
  - Hit record low for days away from work
  - Ultimate goal of zero injuries

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Committed to Excellence



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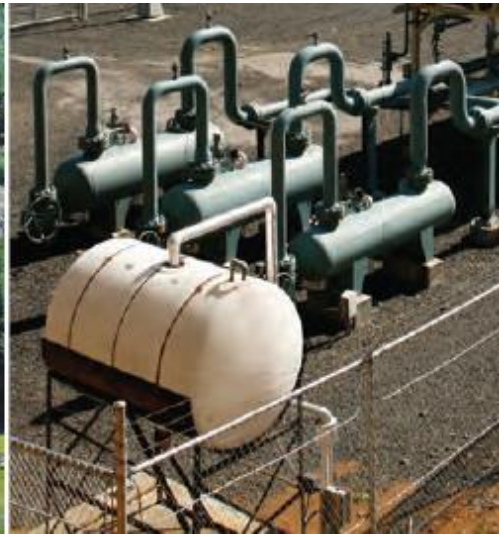
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President & CEO

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Potential Mist Expansion





- 2.5 billion cubic feet of storage
- New compressor station
- 13-mile pipeline to Port Westward

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Carbon Solutions







- Legislation
  - Incent utilities to undertake new projects
  - Reduce greenhouse gas emissions
- First of its kind legislation
- Potential projects span several areas
  - CHP filing in next few weeks
  - Oil replacement for residential sector

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Legacy of Innovation



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