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## Northwest Natural Gas Co

Company Report [PDF] | Custom Report

### Snapshot >

#### News

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### General Information

#### Address/Contact

#### Northwest Natural Gas

220 N.W. Second Avenue  
Portland, OR 97209  
United States  
Map

Phone: 1-503-2264211

Fax: 1-503-2734824

<https://www.nwnatural.com/>

Additional Company Links

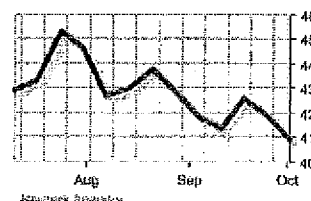
Ownership Type: Listed  
DUNS provided by D&B : 007908916  
Auditor/Accountant: PWC LLP

Most Recent Stock Split:  
1.5 (9 September 1996)

#### Stock Price Activity

Quote | Add to Quote List

#### 3 Months Weekly



Ticker RIC  
NWN NWN.N

Price

42.40

Change

0.33

Volume

36,700

Exchange

New York Stock Exchange

52-Week High

52.37

52-Week Low

37.72

Currency

USD

### Discovery Pane

News discovered around this company.

### Companies

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Public Utility Co...	4
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Puget Sound Ener...	4
EnCana Corp	3
Portland Genera...	2
Standard & Poor...	2
PG&E Corp	2

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Pipeline Laying	1
Gasoline Stations	1
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### Keywords

natural gas  
northwest natural  
gas company  
credit security  
pf indicator

### Business Description

Northwest Natural Gas Company, doing business as NW Natural, is principally engaged in the distribution of natural gas in Oregon and southwest Washington. The Company's has two business segments: local gas distribution and gas storage. Local gas distribution also referred to as the utility, which involves building and maintaining a pipeline distribution system, purchasing gas from producers and marketers, contracting for the transportation of gas over pipelines from the supply basins to its service territory, and reselling the gas to customers subject to rates and terms approved by the Oregon Public Utility Commission (OPUC) or by the Washington Utilities and Transportation Commission (WUTC). The gas storage business segment includes natural gas storage services provided to interstate and intrastate customers in the Pacific Northwest using underground gas storage and pipeline facilities which the Company owns and operates.

Reuters Extended Business Description

Datamonitor Products and Services

Datamonitor Company Statement

Datamonitor Business Description

Datamonitor Overview and History

### Primary Industry Classification

Dow Jones Industry

Gas Utilities

SIC

4924 Natural Gas Distribution

NAACE

N/A

NAICS

22121 Natural Gas Distribution

## Secondary Industry Classification

Source: Reuters

### Key Facts

#### Key Executives

Chairman of the Board: Russ F. Tromley  
 President, Chief Executive Officer, Chief Operating Officer,  
 Director: Gregg S. Kantor  
 Chief Financial Officer, Senior Vice President: David Hugo  
 Anderson  
 Senior Vice President: Lea Anne Doolittle  
 Vice President - Finance and Regulation, Assistant Treasurer:  
 C. Alex Miller

#### Key Financials

Currency: USD  
 Sales: 1,037.86 m  
 Sales Growth (1 year): 0.45%  
 Last Reported Employees (Date): 1,117  
 (2 March 2009)  
 Employees Growth (1 year): -1.85%  
 Last Reported Auditor (Date): PWC LLP  
 (2 March 2009)  
 Market Cap (USD): 1,115.41 m  
 (8 October 2009)  
 Net Income: 69.53 m  
 Net Profit Margin: 6.70%  
 EPS: 2.61  
 Audit Fees (Including Non-Audit Fees): 890,000.00  
 Non-Audit Fees: 22,000.00  
 Fiscal Year-End Date: 31 December 2008

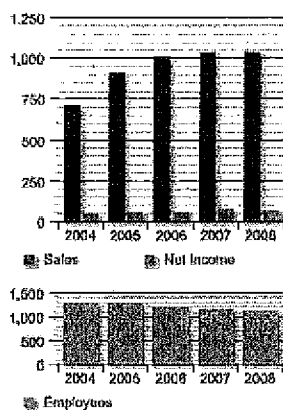
#### News

Source: Reuters

### Performance/Segment Information

#### Financial Performance

(USD m)



Source: Reuters

### Latest News Web News Multimedia

**Suggested Categories:** All | Performance | Bankruptcy | Management Moves | Contracts/Orders | New Products/Services | Legal/Judicial | Ownership Changes | Press Releases | Trade Articles | Capacities/Facilities | Earnings

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1. **Northwest Natural Gas Company ; NW Natural Increases Dividend for 54th Consecutive Year**  
 Energy Weekly News, 16 October 2009, 260 words, (English)
2. **NW Natural Gas Storage appoints Richard Daniel as new president**  
 M2 EquityBites, 6 October 2009, 114 words, (English)
3. **Daniel Named President Of NW Natural Gas Unit**  
 FinancialWire, 6 October 2009, 263 words, (English)
4. **NW Natural Gas Storage, LLC Names Richard Daniel Pres**  
 Dow Jones News Service, 19:05, 5 October 2009, 9 words, (English)
5. **NW Natural Gas Storage, LLC Names New President**  
 Business Wire, 19:05, 5 October 2009, 345 words, (English)

**Peer Group**  
**Nearest 10 by Sales**

Dow Jones Industry: Gas Utilities  
 Total Number of Companies: 176

Rank	Company Name	Sales USD m	Employees	Market Cap USD m	Net Income USD m	Net Profit Margin
50	NIPPON GAS CO., LTD.	1,174.85	1,266	740.87	16.13	1.68%
51	Compenhia Distribuidora Gas Rio Janeiro	1,100.68	473	1,182.79	71.47	6.49%
52	Seoul City Gas Co., Ltd.	1,059.20	646	207.53	33.00	3.12%
53	<b>Northwest Natural Gas</b>	1,037.86	1,117	1,115.41	69.53	6.70%
54	Questar Gas Co	1,000.30	1,173	0.00	40.20	0.00%
55	Petronas Gas Berhad	970.35	2,100	5,674.20	263.87	27.17%
56	Sul Southern Gas Company Limited	953.44		117.92	12.33	1.29%
57	Gasco S.A.	950.92		732.95	4.87	0.34%
58	KEIYO GAS CO., LTD.	945.48	1,082	251.35	23.56	2.60%
59	HIROSHIMA GAS CO., LTD.	910.25	1,373	149.11	-20.94	-2.15%

Competition List from Reuters Research

Source: Reuters

Note: Based on publicly traded company data.

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SEC Filings & Documents
Presentations

Market Summary	
Trading Symbol	NWN
Exchange	NYSE
Market Value (\$M)	1,091.81
Stock Quote	\$ 41.18
Change ▲	\$ 0.24 0.59%
Volume	214,165
As of October 5, 2009 Minimum 20 minute delay.	

### Corporate Profile

Northwest Natural Gas Company, dba NW Natural, (**NYSE: NWN**), is a 150-year-old natural gas local distribution and storage company headquartered in Portland, Oregon, with a customer growth rate above the national average. NW Natural serves more than 662,000 customers in Oregon and southwest Washington, including the Portland-Vancouver metropolitan area, the Willamette Valley, the Oregon coast and the Columbia River Gorge. The company's financial goals include achieving on average a long-term growth of 5 percent or more per year, while providing a targeted dividend payout of 60 to 70 percent. In keeping with its steady growth, the company has increased dividends paid to shareholders for 53 consecutive years, a feat matched by few publicly traded companies.

NW Natural purchases natural gas for its core market from a variety of suppliers in the western United States and Canada. The company operates gas storage facilities in its service territory, contracts for additional gas storage outside its service territory, and provides gas storage services to other energy companies in the Northwest. The company is also a first-mover in the regulatory arena, having implemented regulatory mechanisms to adjust for declining consumption patterns, without negatively affecting profitability.

NW Natural also is developing a new gas storage facility at Gill Ranch near Fresno, California, and plans to develop a new natural gas transmission pipeline from central Oregon to northwest Oregon, providing enhanced gas deliverability and reliability for the region.

### Webcast

**Second Quarter Conference Call**  
Tuesday, August 4, 2009,  
11:00 AM ET

### Submit Notification Request

Email Address:

### Press Releases

- 10/01/2009 [NW Natural Increases Dividend for 54th Consecutive Year](#)
- 8/04/2009 [NWN Reports Results for the Quarter & Six Months Ended June 30, 2009](#)
- 7/24/2009 [NW Natural Declares Dividends](#)
- 7/02/2009 [NW Natural Schedules Conference Call to Review Financial Results for Quarter & Year-to-Date Period Ending June 30, 2009](#)
- 5/28/2009 [NW Natural Reports Strong Year In 2008 and Celebrates Its 150th Year as a Company with a Solid Start to 2009 at Annual Meeting of Shareholders](#)

### Contact Information

**NW Natural**  
220 NW Second Avenue  
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(503) 226-4211



**Investor Relations**  
Robert S. Hess  
(503) 220-2388

[Bob.Hess@nwnatural.com](mailto:Bob.Hess@nwnatural.com)

### Shareholder Services

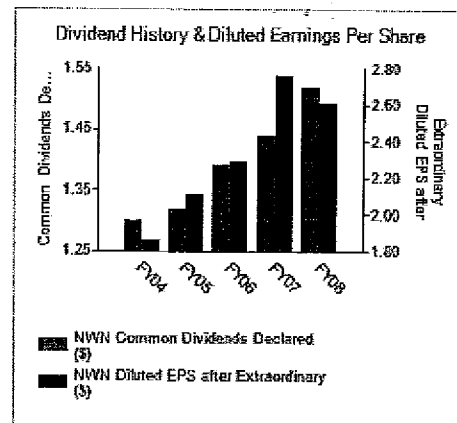
Kimberlee Anderson  
(503) 220-2402  
(800) 422-4012, ext. 3412  
[kva@nwnatural.com](mailto:kva@nwnatural.com)

### Transfer Agent

American Stock Transfer & Trust Co.  
59 Maiden Lane  
Plaza Level  
New York, NY 10038  
(800) 937-5449

### Related Links

[2008 Interactive Annual Report](#)  
[Analysts Coverage](#)  
[Dividend History](#)  
[Investor Fact Sheet](#)  
[Upcoming Events](#)



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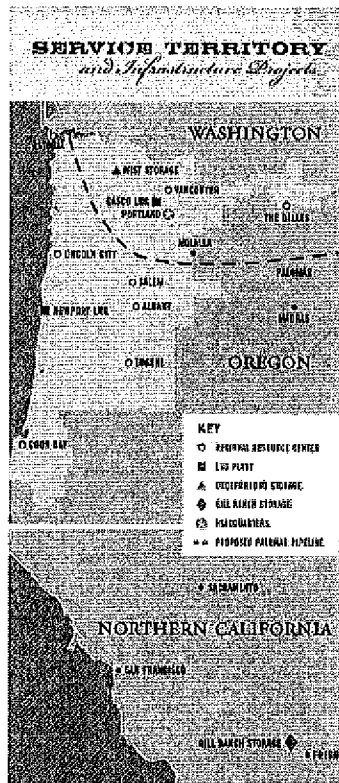
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## PROFILE

NW Natural (NYSE: nwn) is a 150-year old natural gas local distribution and storage company headquartered in Portland, OR, with a customer growth rate consistently above the national average. NW Natural serves more than 662,000 customers in Oregon and Southwest Washington. In keeping with its steady growth, the company has increased dividends paid to shareholders for 53 consecutive years, a feat matched by few publicly traded companies. NW Natural operates gas storage facilities in its service territory and provides gas storage services to other energy companies in the Northwest. NW Natural is developing a new gas storage facility at Gill Ranch near Fresno, California, and plans to develop a new gas transmission pipeline called Palomar in Oregon to provide enhanced gas deliverability and reliability for the region.



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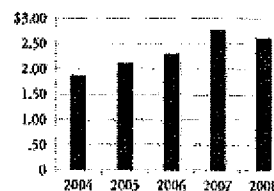
## FINANCIAL OVERVIEW

	2009	2007	PERCENT INCREASE (DECREASE)
<b>EARNINGS</b>			
<b>Financial facts (\$000):</b>			
Gross operating revenues	1,037,855	1,035,193	—
Net operating revenues	356,215	369,042	(3)
Net income	69,525	74,497	(7)
<b>Financial ratios (%):</b>			
Return on average common equity	11.4	12.5	(9)
Capital structure at year-end:			
Long-term debt	44.9	46.3	(3)
Common stock equity	55.1	53.7	3
<b>COMMON STOCK</b>			
<b>Shareholder data (000):</b>			
Average shares outstanding	26,438	26,821	(1)
Year-end shares outstanding	26,501	26,407	—
<b>Per share data (\$):</b>			
Basic earnings	2.61	2.78	(5)
Diluted earnings	2.61	2.76	(5)
Dividends paid	1.52	1.44	6
Dividend rate at year-end	1.58	1.50	5
Book value at year-end	23.71	23.52	1
Market value at year-end	44.23	48.66	(9)

<b>OPERATING HIGHLIGHTS</b>			
Gas sales and transportation deliveries (000 therms)	1,260,751	1,214,969	4
Degree days	4,596	4,374	5
Customers at year-end	662,341	652,012	2
Employees at year-end	1,133	1,141	(1)

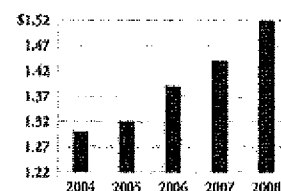
<b>DIVIDENDS PAID ON COMMON STOCK (per share)</b>			
<b>PAYMENT DATE</b>			
February 15	\$ 0.375	\$ 0.355	
May 15	0.375	0.355	
August 15	0.375	0.355	
November 15	0.395	0.375	
Total dividends paid	\$ 1.520	\$ 1.440	

**DILUTED EARNINGS PER SHARE**  
(in dollars)



Diluted earnings per share were \$2.61 in 2008 – the second highest in the company's history.

**DIVIDENDS PAID PER SHARE**  
(in dollars)



Annual dividends paid per share in 2008 increased for the 53rd consecutive year. The dividend yield rate at year-end was 3.58%.



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*Greg Kinton  
President  
and CEO*

*Mark Dodson, retired CEO  
and current board member*

## LETTER TO SHAREHOLDERS

### 150 YEARS OF SERVICE

One hundred and fifty years ago, new Portland arrivals I.L.C. Leonard and John Green raised \$50,000 from East Coast investors. Even before Oregon achieved statehood, these men were promoting the promise of the Northwest: its natural beauty, its bounty and its growth potential. They used the money they raised to start a gas light company, illuminating the streets and houses of their adopted hometown.

Today, we at NW Natural speak about the Pacific Northwest in much the same way as our company's founders, Leonard and Green. The region continues to attract dynamic, energetic individuals because of its quality of life,

diverse economy and environmental stewardship.

The promise of the Northwest is the promise of NW Natural.

As we turn 150, we are proud to celebrate our legacy of success. We are equally enthusiastic about looking ahead. At a time when both our nation and the energy industry are facing dramatic change, we have put in place the tools to adjust, adapt and excel.

### STEADY AMID THE TURBULENCE

In 2008, we stayed on course and accomplished what we said we would.

Our earnings of \$69.5 million, or \$2.61 per share, were at the high end of our

earnings guidance. In fact, the 2008 results were second only to those of 2007, a year that benefited substantially from unusually high margin gains from our gas cost-sharing mechanism.

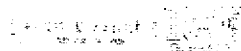
In addition, we increased dividends paid to shareholders owning common stock for the 53rd consecutive year – a record that is one of the longest on the New York Stock Exchange.

And we did all this while the nation was experiencing one of the worst economic recessions since 1929.

Like the rest of the nation, the economic slowdown has affected the Northwest's housing market. Homebuilding has declined, but



*Portland's Shodor Fountain was dedicated in 1889. Located just a few blocks from NW Natural's headquarters, it is memorable both for its graceful beauty and for its inscription: Good citizens are the victor of a city.*



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our customer growth rate of 1.6 percent in 2008 still ranked among the highest in the industry.

After 150 years, you learn how to deal with good and bad business cycles. You plan ahead and you execute. This far-sighted approach helped the company transition from lighting to heating early in its history, and it was the reason we were able to deliver a solid performance in 2008.

Three years ago we initiated a comprehensive redesign of our operations, which helped us reduce our work force by more than 10 percent and control costs across the company.

When we started this effort, we intended to size our work force to operate more efficiently. A greater reliance on construction contractors gave us the flexibility needed to rapidly respond to the downturn in housing.

We also created an incentive based sales team. In 2008, the team met our conversion targets, which helped offset the slowdown in new housing starts.

And because of the redesign, and our continuing commitment to managing costs, we were able to offset losses from our gas cost-sharing mechanism caused by the higher price of natural gas in the first seven months of 2008.

In the midst of the nation's financial turbulence, we kept a strong balance sheet. We set aside a \$50 million cash reserve early in the fourth quarter, when markets were unusually volatile. Our total capitalization and liquidity remained solid, as represented by our strong credit ratings: Moody's at A2, Standard & Poor's at AA-.

#### STRENGTHENING THE CORE

In 2008, we benefited from the many operating changes made in 2006 and 2007.

But, we also continued to fine tune and improve our operations. New technology and organizational changes came together, advancing our efforts to work more efficiently and effectively.

Last year, employee and contract construction crews began sending and receiving work order information electronically. An automated vehicle location system now helps our newly centralized resource management team direct the closest crew truck to a job site or emergency. In 2009, we will deploy this new technology with other field employees to take full advantage of these systems.

We also spent much of 2008 designing and installing new business software. Since early this year, data entered in the field and in the office now flow into a single integrated system. This is speeding the movement of information, leading to more timely and

accurate reporting and more responsive decision making.

#### WORKING IN PARTNERSHIP WITH REGULATORS

In 1860, our first year of gas deliveries, cast iron pipes brought gas to the company's first customers. Today, we use flexible polyethylene or steel pipes with sophisticated cathodic protection. Safety and reliability have always been our highest priority.

In 2009, the federal government is expected to establish new rules for assessing gas distribution pipelines. But well before regulators considered distribution integrity rules, NW Natural had acted on many of the proposed requirements. We were one of the first utilities in the nation to replace all cast iron pipes. And we have had a bare steel removal program in place since 2001.

However, even

with so much of the work behind us, new rules bring additional costs.

For a number of years, the Oregon Public Utility Commission (OPUC) has allowed timely rate recovery of our costs for pipeline safety programs: replacing old pipe before problems arise and implementing pipeline integrity programs to maintain the safety of our existing pipeline system. In early 2009, the OPUC agreed to integrate these programs with the new federal distribution integrity management requirements and provide for annual rate recovery through a new System Integrity Program.

In 2008, we also worked successfully with Oregon



## 2008 HIGHLIGHTS

#### IN 2008, NW NATURAL:

- Reported net income of \$69.5 million or \$2.61 per share.
- Ranked first in the nation among 59 other utilities in the 2008 J.D. Power and Associates Gas Utility Residential Customer Satisfaction Survey.
- Reduced earnings exposure through approval of a new gas cost-sharing mechanism in Oregon.
- Reached an agreement with Oregon regulators authorizing rate recovery for pipeline safety investments.
- Completed a rate case in Washington state increasing revenue requirements by approx \$2.7 million a year.
- Sold our Boeing 737 airplane investment that had been leased to a commercial airline since its purchase in the 1980s, disposing of the company's last noncore asset and recording an aftertax gain of over \$1 million.
- Gill Ranch Storage, LLC filed a permit application for approximately 20 billion cubic feet of underground storage capacity and a 27-mile pipeline near Fresno, California.
- Palomar Gas Transmission LLC filed a permit application with the Federal Energy Regulatory Commission to build and operate a 217-mile natural gas pipeline in Oregon.
- Entered an agreement to build a biogas plant on Oregon's largest organic farm with support from Smart Energy, NW Natural's new and innovative customer carbon offset program.
- Raised the quarterly dividend rate by more than 5 percent, making this the 53rd consecutive year of increasing dividends paid per share.
- Maintained the company's strong credit ratings from Moody's and from Standard & Poor's.

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regulators to revise our 20-year-old gas cost-sharing mechanism to better balance the risks and rewards between customers and shareholders. In the past, we returned two-thirds of any money saved on gas cost purchases to customers, while shareholders kept one-third of the savings. If gas costs were higher than forecasted in our rates, shareholders absorbed one third of any losses.

The new agreement reached with the OPLUC allows us to annually select either a 90/10 or 80/20 customer shareholder split. This gives us added flexibility in managing gas costs,

In March 2008, NW Natural filed for a general rate case in Washington, where approximately 10 percent of our customer base is located. Under the Washington Utilities and Transportation Commission (WUTC) final order, NW Natural's revenue requirements increase by approximately \$2.7 million a year. NW Natural's authorized return on equity is 10.1 percent.

and its authorized rate of return is 8.4 percent. Overall, we believe this represents a fair outcome for the company and its customers. The new rates took effect January 1, 2009.

## EXPANDING THE PLAYING FIELD

NW Natural's founders, Leonard and Green, never allowed geography to limit their aspirations. They moved from the East Coast to Astoria, where the Columbia River meets the Pacific Ocean. They then relocated to Portland where they foresaw greater opportunity.

While NW Natural is proud of its Northwest roots, we are also looking for growth beyond our traditional boundaries. In 2008, we advanced storage and pipeline projects that will give us a larger role in the West Coast's energy infrastructure.

In July, NW Natural and Pacific Gas & Electric (PG&E) filed applications with state regulators to develop approximately 20 billion cubic feet (Bcf) of underground storage capacity at Gill Ranch, near

Fresno, California. The applications included construction of about 27 miles of pipeline from the storage site to PG&E's gas transmission system.

In December, the California Public Utility Commission deemed the filing complete and announced the project is on an accelerated environmental permitting track. We intend to have all necessary permits in place by the end of 2009 and to begin storage operations by the end of 2010.

Although California is one of the nation's largest energy users, it lags behind in development of underground storage. And we expect demand for storage to grow in step with the state's demand for natural gas.

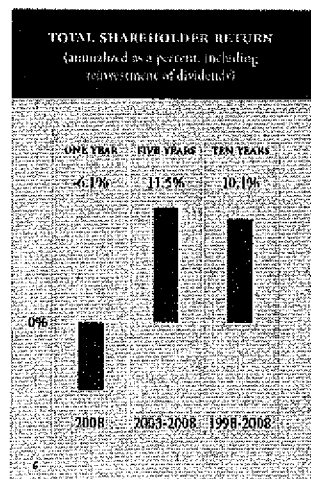
State laws in California and Washington limiting carbon emissions from electric generation are certain to create a regional need for more gas-fired electric generation – and add to gas price volatility. Gas storage has always been an important asset, but never more so than now, as we anticipate the adoption of climate change policies.

Also in December, Palomar Gas Transmission L.P., a joint venture between NW Natural and Trans-Canada Corporation, filed a permit application with the Federal Energy Regulatory Commission to build and operate a 217-mile, 36-inch pipeline. Palomar would connect a TransCanada-owned interstate pipeline east of the Cascade mountains to Western Oregon. It would have the capacity to transport up to 1.3 Bcf of natural gas per day.

Palomar Pipeline can be thought of as two projects: an east section and a west section.

Today, Oregon is one of a few states in the nation to have its major populated areas served by a single interstate pipeline. The east portion of Palomar would help strengthen service reliability to our 662,000 customers by providing a second path into the Willamette Valley. The east section would also bring in additional domestic supplies from the Rocky Mountains.

If one of the proposed liquefied natural gas (LNG)



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terminals is built on the Columbia River, Palomar could be extended west, allowing NW Natural customers access to additional gas supplies. We believe adding a new supply option close to our market is an important way to help mitigate future price volatility for our customers.

#### KEEPING THE TRUST

A local utility's success is dependent on two things: its product and its reputation. Through the years, our product's use may have evolved from gas lights to natural gas heating, but one thing has remained constant since 1859: our desire to provide exceptional service.

And last year, we were both proud and appreciative that our customers took notice of our efforts.

In 2008, NW Natural received the highest overall score in the nation in the J.D. Power and Associates Gas Utility Residential Customer Satisfaction Survey.

It was clear from the survey that our ratings on honesty and ethics, energy education, bill management, corporate citizenship, and concern for

the environment were major factors contributing to our top customer satisfaction ranking. To us, the survey results mean we're living up to the service standards we have inherited from generations of employees.

#### LEADERSHIP MILESTONES

Becoming CEO as NW Natural celebrates its 150th year is a reminder of the continuity of leadership we have enjoyed — leadership that through the years has been clear and consistent about its business principles and plans. Today, we have the strategies in place and a committed, talented team ready for what the future holds — and for this, we owe a great deal of gratitude to retiring CEO Mark Dodson. We are pleased that Mark will continue to provide the company his counsel and insights as a member of our Board of Directors.

Among his many accomplishments, Mark was a leader on climate change issues. With his retirement, Oregon continues to look to NW Natural for guidance and involvement. In December, I was appointed to Governor Ted Kulongoski's new Oregon Energy Policy Council, which will create a comprehensive

energy plan for the state. I also continue to serve on the Governor's Global Warming Commission and remain involved in the American Gas Association's efforts on climate change.

#### WE GREW UP HERE

After 150 years, our history is inseparable from that of the Pacific Northwest. We have drawn sustenance and support from this unique part of the nation, just as we have provided it with warmth and energy.

The board and officers of NW Natural are constantly aware of our responsibility to our 150-year-old heritage and to the communities of the Northwest.

Last year demonstrated the strength, stability and resilience of this company. We believe we have the strategies and resources in place to continue providing solid results and sustained value — in 2009 and beyond.

We have demonstrated that we can manage costs and grow the business profitably. Our customers value our service and our role in their communities.

We entered 2009 with new regulatory tools in place that

will continue to benefit both customers and shareholders. We have developed far-sighted, yet realistic plans to grow and diversify the company.

Above all, we continue to benefit from the unique vitality of the Pacific Northwest. We are optimistic about the future of both this region and this company.

In our 150th year, you can expect more of what you have come to rely on us for: stewardship of the infrastructure we own and the land on which it rests; a habit of looking ahead and anticipating change; and fulfillment of our commitments to shareholders, customers, communities and employees.

Once again, thank you for your confidence and trust in NW Natural. We look forward to continuing to work on your behalf.

Sincerely,

Gregg S. Kantor  
President and  
Chief Executive Officer