



NORTHWEST NATURAL GAS COMPANY

Organization and Executive Compensation Committee

Purpose

The Organization and Executive Compensation Committee (OECC or Committee) of Northwest Natural Gas Company (Company) shall (i) discuss and review the management of the affairs of the Company relating to its organization and to executive personnel and their compensation and (ii) produce an annual report on executive compensation for inclusion in the Company's proxy statement.

Membership and Organization

The OECC shall be comprised of at least three members of the Board of Directors of the Company. All members shall be entirely independent of management, as defined by the Company's Director Independence Standards, the rules of the New York Stock Exchange and applicable law, and free from any relationship that, in the opinion of the Board of Directors, as evidenced by its election of such Committee members, would interfere with the exercise of independent judgment as a Committee member. The Board of Directors shall designate one member of the Committee as Chair.

The OECC will meet at least four times per year in February, July, September and December. The Committee will also meet on other occasions on an as needed basis as determined by the Committee Chair or by a majority of the Committee members.

Responsibilities of the Committee

The OECC is responsible for discharging the responsibilities of the Board of Directors relating to the compensation of executives by ensuring that the Chief Executive Officer (CEO) and other senior executives of the Company and its wholly-owned affiliates are compensated appropriately and in a manner consistent with the stated compensation strategy of the Company and the requirements of the appropriate regulatory authorities.

General Responsibilities

The OECC shall be responsible for:

- in consultation with the Governance Committee, (i) considering and recommending to the Board of Directors, the election and responsibilities of the CEO, (ii) reviewing annually the performance of the CEO compared to established corporate goals and objectives; and (iii) reviewing and recommending to the Board of Directors any changes to the compensation for the Board of Directors;
- considering and recommending to the Board of Directors, the election, titles and responsibilities of executive officers other than the CEO;

- administering compensation for the Board of Directors;
- reviewing matters pertaining to, and developing and implementing a plan for, executive succession and succession for other critical positions;
- assessing and recommending to the Board of Directors for approval the Company's executive compensation program to ensure consistency with corporate objectives and compensation philosophy, with the primary emphasis on the enhancement of shareholder value;
- reviewing executive compensation surveys and data to ensure the competitiveness of the Company's executive compensation program and the Company's continued ability to attract and retain talented, high quality executives, including a total remuneration study of each and every component of executive pay at least every two years;
- recommending to the Board of Directors the compensation, including salary and annual and long-term incentive awards, to be paid to the CEO considering the results of the annual performance review against pre-approved goals and objectives, comparable company practices, prior year awards and such other factors as the Committee deems relevant, and the Committee chair will always review the competitive analysis for the CEO prior to review by the CEO;
- reviewing annually the CEO's performance evaluations of, and salary and annual and long-term incentive recommendations with respect to, other executive officers and submitting the Committee's recommendations regarding the compensation to be paid to other executives to the Board of Directors for approval;
- administering the Company's executive compensation and benefit programs, including: bonus, long-term incentive awards, stock option, severance, and deferred compensation and retirement plans applicable to executives, and reviewing and recommending changes in those plans to the Board of Directors;
- reviewing the Company's broad-based compensation and benefit plans that must be approved by the Board, including the employee stock purchase plan, pension plans and retirement 401 (k) savings plan, and recommending changes in those plans to the Board of Directors; and
- evaluating the effectiveness of the OECC at least annually.

The Committee shall also undertake such additional activities within the scope of its primary responsibilities as the Committee or the Board of Directors may from time to time determine.

Responsibilities of Committee Chair

The responsibilities of the OECC Chair include:

- planning for and chairing meetings of the OECC;
- reporting to the Board of Directors on the Committee's work, findings and recommendations;
- consulting with the CEO on matters of executive compensation, organizational structure, executive performance, and related matters;
- consulting with the external compensation consultant on matters of competitive compensation practice;
- ensuring that the minutes from the meetings are accurately recorded; and
- coordinating with other committees on matters of dual or overlapping responsibility.

Reporting

The OECC will prepare and, through its Chair, submit reports of the Committee's work and findings to the Board of Directors at the first Board of Directors meeting following each Committee meeting. Such reports may contain recommendations for Board action when appropriate.

The OECC shall also report to shareholders the Company's compensation policies, the reasoning behind such policies and a thorough disclosure of the remuneration paid to executive officers, as required by the Securities and Exchange Commission in the Company's annual proxy statement.

Independent Advisors

The OECC shall have sole authority to select, retain and terminate such consultants or other advisors as the OECC from time to time shall determine to be necessary or advisable. The OECC will approve the scope of work, fees, duration and any other terms of such consultants' or advisors' retention.

Effective Dates

Approved by the OECC on November 22, 2002 and approved by the Board of Directors on December 19, 2002.

As Amended: July 22, 2004