



# **NORTHWEST NATURAL GAS COMPANY**

## **Finance Committee**

### **Purpose**

The Finance Committee (Committee) of Northwest Natural Gas Company (Company) shall discuss and review the management of the affairs of the Company relating to financing, including the development of long-range financial planning goals and financial policy.

### **Membership and Organization**

The Committee shall be comprised of three or more directors, a majority of whom shall not be officers or retired officers of the Company. The Board of Directors shall designate one member of the Committee who is not an officer or retired officer of the Company as Chair.

The Committee shall hold regular meetings in April, September and December and special meetings on the call of the Chairman of the Board of Directors, Committee Chair or the Chief Executive Officer of the Company.

### **Responsibilities of the Committee**

The Committee shall be responsible for:

- making recommendations to the Board of Directors regarding equity and short- and long-term debt financing actions and programs, including the type, amount and timing of securities to be sold, and actions or programs for the redemption of debt securities or the repurchase of stock;
- making recommendations to the Board of Directors regarding payment of quarterly dividends on the common and preferred stock, stock splits, stock dividends and other distributions;
- making recommendations to the Board of Directors on financial policy matters, including capital structure and dividend policy, regulatory policy and, in coordination with the Strategic Planning Committee of the Board, corporate development strategies such as the acquisition or disposition of businesses and capital assets;
- reviewing and making recommendations to the Board of Directors regarding the Company's annual capital expenditures budget, annual operating budgets and long-term financial forecasts, based upon the Company's strategic plan;

- reviewing the Company's financial performance (both operating and capital) in comparison to appropriate industry financial performance benchmarks;
- reviewing material regulatory actions and issues, including major rate filing strategies;
- reviewing and approving the Company's Derivatives Policy and any amendments to the policy and monitoring the Company's derivatives activities;
- reviewing periodic reports by management as to the Company's investor relations program and credit rating agency relationships;
- reviewing periodic reports by management of the Company's subsidiary, NNG Financial Corporation, and overseeing the financial results and investment strategies of the subsidiary;
- reviewing periodic reports by the Retirement Committee (a management committee with responsibility for administration of the Company's pension plans) as to the funding status of the plans, including the market performance of the Company's Retirement Trust Fund and the primary assumptions used in determining the plans' funding requirements and funded status; and
- overseeing the stock-listing relationship between the Company and the New York Stock Exchange (NYSE), including the Company's filing requirements under NYSE rules.

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.

### **Reporting**

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

## **Independent Advisors**

The Committee shall have authority to select, retain and terminate such consultants or other advisors as the Committee from time to time shall determine to be necessary or advisable to perform its responsibilities, including the authority to approve such advisors' fees and retention terms.

## **Effective Dates**

Approved by the Board of Directors on April 23, 1998.

As Amended:            July 24, 2003  
                                  September 25, 2003