

NORTHWEST NATURAL GAS CO  
Form DEF 14A  
April 18, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**NORTHWEST NATURAL GAS COMPANY**

**(Name of registrant as specified in its charter)**

**(Name of person(s) filing proxy statement, if other than the registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11



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220 NW SECOND AVENUE

PORTLAND, OR 97209

April 18, 2018

To the Shareholders of Northwest Natural Gas Company:

We cordially invite you to attend the 2018 Annual Meeting of Shareholders of Northwest Natural Gas Company (NW Natural), which will be held in the Hospitality Suite on the Fourth Floor of NW Natural's offices, 220 NW Second Avenue, Portland, Oregon 97209 on Thursday, May 24, 2018, commencing at 2:00 p.m. Pacific Daylight Time. We look forward to greeting as many of our shareholders as are able to join us.

At the meeting you will be asked to consider and vote upon five proposals: (1) the election of three Class I directors for terms of three years; (2) the increase in shares reserved for issuance under the Company's Employee Stock Purchase Plan; (3) an advisory vote to approve named executive officer compensation; (4) the ratification of the appointment of PricewaterhouseCoopers LLP as NW Natural's independent registered public accountants for the fiscal year 2018; and (5) the reorganization of NW Natural into a holding company structure. Your Board of Directors unanimously recommends that you vote FOR each of Proposals 1, 2, 3, 4 and 5.

In connection with the meeting, we enclose a notice of the meeting, a Proxy Statement-Prospectus, a proxy card and, if you are a registered shareholder, an **admission ticket for you and one guest to attend the meeting. If you plan to attend the Annual Meeting, please detach and retain the admission ticket attached to your proxy card.** As space is limited, you may bring only one guest to the meeting. If you hold your stock through a broker, bank, or other nominee, please bring a legal proxy or other evidence to the meeting showing that you owned NW Natural common stock as of the record date, April 5, 2018, and we will provide you with an admission ticket. Please see page 11 for further instructions on attending the Annual Meeting. Detailed information relating to NW Natural's business activities and operating performance is contained in our 2017 Annual Report, which is also enclosed.

It is important that your shares are represented and voted at the meeting. Whether or not you plan to attend, please vote your shares in one of three ways: via internet, telephone or mail. Instructions regarding internet and telephone voting are included on the proxy card or Voting Instructions Form. If you elect to vote by mail, please sign, date and return the proxy card or Voting Instructions Form in the enclosed postage-paid envelope. Your proxy may be revoked at any time before it is exercised in the manner set forth in the Proxy Statement-Prospectus.

Sincerely,

Tod R. Hamachek  
Chairman of the Board

David H. Anderson  
President and Chief Executive Officer

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**NORTHWEST NATURAL GAS COMPANY**

ONE PACIFIC SQUARE

220 NW SECOND AVENUE

PORTLAND, OREGON 97209

(503) 226-4211

**NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS**

Portland, Oregon, April 18, 2018

To our Shareholders:

The 2018 Annual Meeting of Shareholders of Northwest Natural Gas Company (NW Natural) will be held in the Hospitality Suite on the Fourth Floor of NW Natural's offices, 220 NW Second Avenue, Portland, Oregon 97209 on Thursday, May 24, 2018 at 2:00 p.m. Pacific Daylight Time, for the following purposes:

1. to elect three Class I directors for terms of three years;
2. to increase the number of shares reserved for issuance under the Company's Employee Stock Purchase Plan;
3. to conduct an advisory vote to approve the named executive officers' compensation;
4. to ratify the appointment of PricewaterhouseCoopers LLP as NW Natural's independent registered public accountants for the fiscal year 2018;
5. to approve the reorganization of NW Natural into a holding company structure; and
6. to transact such other business as may properly come before the meeting or any adjournment thereof.

If you were a holder of record of NW Natural common stock at the close of business on April 5, 2018, the record date set for the Annual Meeting, you will be entitled to vote upon all matters properly submitted to shareholder vote at the meeting.

Our Board of Directors is soliciting the proxies of all holders of NW Natural common stock who may be unable to attend the meeting in person or who desire to vote by proxy before the meeting. These proxies also will instruct the relevant fiduciary under NW Natural's Dividend Reinvestment and Direct Stock Purchase Plan or Retirement K Savings Plan to vote any shares held for shareholders' benefit under those plans, as indicated on the proxies. A proxy and a stamped return envelope are enclosed for your use. No postage is needed if mailed in the United States. Instructions regarding internet and telephone voting also are included in the enclosed proxy card or Voting Instruction Form.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY**

**MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON**

**MAY 24, 2018**

This Proxy Statement-Prospectus and our 2017 Annual Report are available at [www.nwnatural.com](http://www.nwnatural.com).

**Your vote is very important to us.**

**We urge you to vote by promptly marking, signing, dating, and returning the enclosed proxy card or Voting Instruction Form, or by granting a proxy by the internet or telephone in accordance with the instructions in the enclosed proxy card or Voting Instruction Form, as soon as possible. Your prompt vote will save us the additional expense of further requests to ensure the presence of a quorum. You may vote in person at the meeting whether or not you previously have returned your proxy.**

By Order of the Board of Directors,

Shawn M. Filippi  
Vice President, Chief Compliance Officer

and Corporate Secretary

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**PROXY STATEMENT**

*of*

**NORTHWEST NATURAL GAS COMPANY**

**PROSPECTUS**

*of*

**NORTHWEST NATURAL HOLDING COMPANY**

*relating to*

**COMMON SHARES**

This Proxy Statement-Prospectus contains both a Proxy Statement for the 2018 Annual Meeting of Shareholders (Annual Meeting) of Northwest Natural Gas Company (NW Natural), an Oregon corporation, to be held on May 24, 2018 and a Prospectus of Northwest Natural Holding Company (NW Holding), an Oregon corporation, relating to the issuance of common shares of NW Holding in connection with the proposed formation of a holding company for NW Natural.

Under the terms of an agreement and plan of merger (Plan of Merger) between NW Natural, NW Holding and NWN Merger Sub, Inc. (Merger Sub), Merger Sub would merge into NW Natural (Merger) and each outstanding share of common stock of NW Natural would be converted into one share of common stock of NW Holding. As a result of the Merger, the holders of NW Natural common stock immediately before the effective time of the Merger would become holders of NW Holding common stock, and NW Natural would become a subsidiary of NW Holding. Thus, NW Holding is offering and will issue a number of common shares equal to the number of shares of NW Natural common stock outstanding at the effective time of the Merger. There were 28,782,815 shares of NW Natural common stock outstanding on April 5, 2018, the record date for NW Natural's Annual Meeting.

NW Natural common stock is currently listed on the New York Stock Exchange (NYSE), with the trading symbol NWN. On April 5, 2018, the high and low sales prices of NW Natural common stock, as reported in the consolidated reporting system, were \$58.90 and \$57.305, respectively. NW Holding intends to list its common shares on the NYSE, and such listing, upon official notice of issuance, is a condition to the completion of the Merger. After completion of the Merger, all shares of NW Natural common stock will be held by NW Holding, and NW Natural common stock will no longer be listed on the NYSE.

All NW Natural shareholders of record at the close of business on April 5, 2018 are entitled to notice of and to vote at the Annual Meeting.

**This Proxy Statement-Prospectus provides detailed information about the formation of a holding company. You should read it carefully. If the holding company formation is approved and becomes effective, your shares of NW Natural common stock will be converted into shares of NW Holding common stock.**

**The proposed formation of the holding company involves risks. See Risk Factors on page 6 of this Proxy Statement-Prospectus.**

This Proxy Statement-Prospectus and the accompanying proxy, solicited on behalf of the Board of Directors of NW Natural, were first sent to shareholders of NW Natural on or about April 18, 2018.

**This Proxy Statement-Prospectus may incorporate important business and financial information about NW Natural that is not included in or delivered with the document. NW Natural shareholders may obtain from NW Natural without charge copies of documents that have been or may be incorporated in this Proxy Statement-Prospectus by requesting them in writing or by telephone from:**

**Northwest Natural Gas Company, Attn: Shareholder Services, 220 N.W. Second Avenue, Portland, Oregon 97209, (503) 226-4211.**

**To obtain this information in time for the Annual Meeting, security holders must request it no later than May 17, 2018, five business days prior to the date of the Annual Meeting.**

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Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this Proxy Statement-Prospectus. Any representation to the contrary is a criminal offense.

**The date of this Proxy Statement-Prospectus is April 18, 2018**



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**PROXY STATEMENT**  
**OF**  
**NORTHWEST NATURAL GAS COMPANY,**  
**AND PROSPECTUS OF NORTHWEST NATURAL HOLDING COMPANY**

**April 18, 2018**

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### **SUMMARY**

*This summary is presented solely to furnish limited introductory information regarding NW Natural, NW Holding and the Holding Company Proposal to be considered at NW Natural's Annual Meeting. The following information has been selected from the more detailed information contained or incorporated by reference in this Proxy Statement-Prospectus. Shareholders should read the entire Proxy Statement-Prospectus, including exhibits, and the Incorporated Documents (defined below) before casting their votes. Proxies executed by shareholders may be revoked at any time prior to the Annual Meeting.*

### **HOLDING COMPANY PROPOSAL**

#### **NW Holding, NW Natural and Merger Sub**

Northwest Natural Gas Company was incorporated under the laws of Oregon in 1910. The company and its predecessors have supplied gas service to the public since 1859, and since September 1997, it has been doing business as NW Natural. NW Natural's executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209. Its telephone number is (503) 226-4211. NW Natural is principally engaged in the distribution of natural gas in Oregon and southwest Washington.

NW Natural's business is divided into three segments:

local gas distribution, also referred to as the utility segment, which involves the distribution and sale of natural gas to customers in Oregon and Southwest Washington, and includes the utility portion of NW Natural's underground natural gas storage facility in Mist, Oregon, the north Mist gas storage expansion in Oregon, and the operations of NWN Gas Reserves LLC, an indirect wholly owned subsidiary of NW Natural;

gas storage, which represents natural gas storage services provided to intrastate and interstate customers from the non-utility portion of the Mist underground storage facility, the Gill Ranch storage facility, and asset management services under a contract with an independent energy marketing company; and

other, which primarily consists of an investment in a natural gas pipeline project, a minority interest in Kelso-Beaver Pipeline, our natural gas retail appliance store, and other non-utility business development and other activities. NW Natural also has signed agreements to purchase two privately-owned water utilities in the Pacific Northwest. If completed, the Company expects to include financial results from these businesses in other.

NW Natural formed NW Holding, and NW Holding formed Merger Sub, to effect the reorganization into a holding company structure. Each of NW Holding and Merger Sub was incorporated under the laws of the State of Oregon, and neither has assets.

#### **Proposed Holding Company Structure**

The Holding Company Proposal is to approve a holding company structure for NW Natural and its subsidiaries. If the Holding Company Proposal is approved, Merger Sub will be merged into NW Natural and each outstanding share of NW Natural common stock will be converted into one share of NW Holding common stock, so that the holders of NW Natural common stock would become holders of NW Holding common stock and NW Natural would become a wholly owned subsidiary of NW Holding.

The first mortgage bonds and cash deferred compensation obligations of NW Natural will not be affected by the Merger, but derivative securities based on NW Natural common stock, including options, restricted stock units and similar securities outstanding under executive compensation and employee benefit plans, would be affected. See Holding Company Proposal-Corporate Reorganization.



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NW Natural expects that, contemporaneously with the effective time of the Merger, when NW Holding becomes the sole holder of NW Natural common stock, NW Natural will transfer to NW Holding all outstanding shares of each of its subsidiaries other than Northwest Energy Corporation and that entity's subsidiary, which comprise part of the regulated gas utility business of NW Natural. This transfer, which is referred to in this document as the Subsidiary Transfer, and the Merger would structurally separate NW Natural's regulated gas utility business and its other businesses.

**Subsidiary Transfer and Merger**

Charts showing the entity structure and ownership of NW Natural and its affiliates before and after the Subsidiary Transfer and Merger are presented below.

**Before the Subsidiary Transfer and Merger:**

Percentages indicate the percentages of voting equity owned by the direct parent entity. Unless otherwise indicated, ownership is 100%.

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### **After the Subsidiary Transfer and Merger:**

Percentages indicate the percentages of voting equity owned by the direct parent entity. Unless otherwise indicated, ownership is 100%. The companies comprising the regulated gas utility business are on the far left of the chart.

### **Reasons for the Holding Company Proposal**

The principal reason for the formation of a holding company is to best position the company to respond to opportunities and risks in a manner that best serves the interests of its shareholders and customers. The holding company structure would allow NW Natural to continue to operate its regulated gas utility business efficiently while structurally separating other businesses of NW Natural from the regulated gas utility business. NW Natural management continuously looks for growth opportunities that would build on core competencies and that match the risk profile that NW Natural and its shareholders seek. By structurally separating the regulated gas utility from other businesses, NW Holding can maintain its commitment to the safe, reliable and efficient delivery of natural gas to the customers served by NW Natural, and utilize a more agile and efficient platform from which to pursue, finance and oversee new business growth opportunities, such as in the water sector. Business growth, diversification and access to capital markets are key to any businesses' financial health and strength. In addition to providing a more nimble and efficient platform for growth, the holding company structure would permit greater financing flexibility for each segment of the business, supporting further financial strength of the overall consolidated entity.

### **Required Vote**

The Holding Company Proposal must be approved by a vote of a majority of the outstanding shares of NW Natural common stock. As of the record date, 28,782,815 shares of NW Natural were issued and outstanding, of which less than 2% were owned by directors, executive officers and their affiliates.

### **Regulatory Conditions and Restrictions**

Completion of the Merger requires approval from the Oregon Public Utility Commission (OPUC) and the Washington Utilities and Transportation Commission (WUTC), and the change in control of Gill Ranch Storage, LLC, an indirect, wholly owned subsidiary of NW Natural, requires the approval of the California Public Utility Commission (CPUC). NW Natural received the OPUC and WUTC approvals in December 2017, and expects to receive the approval of the CPUC in 2018. In connection with these approvals, NW Natural agreed to certain conditions and limitations. See Holding Company Proposal-Regulatory Conditions and Restrictions.

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### **Effectiveness**

The Merger will be effective on the date to be selected by NW Natural and NW Holding, after the receipt of shareholder approvals and the satisfaction of certain conditions. See Holding Company Proposal-Effective Time of Merger; Conditions.

### **Exchange of Stock Certificates Not Required**

If the Merger is consummated, it will not be necessary for holders of NW Natural common stock to physically exchange their existing NW Natural stock certificates for stock certificates of NW Holding. See Holding Company Proposal-Exchange of Stock Certificates Not Required.

### **Material U.S. Income Tax Consequences to Shareholders**

No gain or loss will be recognized by the holders of NW Natural common stock in the Merger. See Holding Company Proposal-Material U.S. Income Tax Consequences for information regarding tax basis and holding period for shareholders.

### **NW Holding Capital Stock; Rights of NW Holding Shareholders**

NW Holding will have the same authorized capital stock as NW Natural, namely 103,500,000 shares consisting of 3,500,000 preferred shares and 100,000,000 common shares. The dividend, voting and liquidation rights of holders of NW Holding common stock will be identical to those of holders of NW Natural common stock immediately before the reorganization.

The rights of NW Holding shareholders will be governed by NW Holding's articles of incorporation and bylaws in effect at the effective time of the Merger. Except for the corporate entity's name, there are no differences between NW Natural's articles of incorporation and bylaws and NW Holding's articles of incorporation and bylaws.

See Holding Company Proposal-Description of NW Holding Common Stock; Comparative Shareholder Rights.

### **Stock Exchange Listing**

NW Natural common stock is currently listed on the NYSE. NW Holding intends to list NW Holding common stock on the NYSE. Such listing, upon official notice of issuance, is a condition to the completion of the Merger. See Holding Company Proposal-Listing of NW Holding Common Stock.

### **Dividends**

NW Holding will not conduct directly any business operations from which it will derive any revenues. Dividends on NW Holding common stock will depend primarily upon the results of operations, cash flows and financial condition of NW Natural and NW Holding's other subsidiaries and their ability to pay dividends on their equity interests owned directly or indirectly by NW Holding.

The payment of dividends on NW Holding common stock is within the discretion of, and subject to declaration by, NW Holding's Board of Directors, and NW Natural and NW Holding have agreed that NW Natural will not pay dividends or make distributions to NW Holding if the dividend or distribution would cause NW Natural to cease to comply with specified credit and capital structure requirements. See Holding Company Proposal-Regulatory Conditions and Restrictions. However, it is contemplated that NW Holding initially will pay dividends on NW Holding common stock at the current level of dividends paid on NW Natural common stock, and on the same schedule of dividend payment dates. See Holding Company Proposal-Dividends.

### **Directors and Management of NW Holding**

At the effective time of the Merger, the individuals serving as directors of NW Natural will also become directors of NW Holding, in the same classes and with the same terms. At that time, certain officers of





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NW Natural including its principal executive officer, principal financial officer, general counsel, principal accounting officer, and corporate secretary, will be officers of NW Holding. See Holding Company Proposal-Directors and Management of NW Holding.

### **Financial Information of NW Natural**

The Annual Report on Form 10-K of NW Natural accompanies this Proxy Statement-Prospectus. Separate financial statements for NW Holdings have not been provided because, before the holding company reorganization, NW Holdings will have no assets, liabilities or operations other than incident to its formation. After the reorganization, the consolidated financial statements of NW Holding will be the same as the consolidated financial statements of NW Natural immediately before the reorganization.

### **Market Price of NW Natural Common Stock**

On April 5, 2018, the high and low sales prices of NW Natural common stock, as reported in the consolidated transaction reporting system, were \$58.90 and \$57.305, respectively.

### **Preemptive Rights**

Holders of NW Natural common stock do not have, and holders of NW Holding common stock will not have, preemptive rights.

### **Rights of Dissent**

Holders of NW Natural common stock do not have, and holders of NW Holding s common stock will not have, dissenters rights.

### **Risk Factors**

For a discussion of the risks associated with the Holding Company Proposal, see Risk Factors on page 6.

**The Board of Directors recommends approval and adoption of the Holding Company Proposal and urges each shareholder to vote FOR the Holding Company Proposal.**

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**Risk Factors**

**If the Holding Company Proposal is approved and the Merger completed, NW Holding's ability to pay dividends on NW Holding common stock would be subject to the prior rights of holders of NW Holding indebtedness and preferred stock, if any.**

At the effective time of the Merger, the only class of NW Holding securities outstanding would be NW Holding common stock. However, NW Holding may from time to time thereafter issue debt securities and preferred stock, as well as additional shares of NW Holding common stock, in order to make capital contributions to one or more of its subsidiaries, although NW Natural would likely continue to issue its own debt securities and may issue preferred stock. NW Holding could also guarantee indebtedness of non-utility subsidiaries. The issuance or guaranty of securities by NW Holding would not be subject to the prior approval of the state utility commissions. The consolidated enterprise could thus be more leveraged than NW Natural and its current subsidiaries. NW Holding's ability to pay dividends on NW Holding common stock would be subject to the prior rights of holders of NW Holding debt securities (including guarantees) and preferred stock, if any.

In addition, the right of NW Holding, as a shareholder, to receive assets of any of its direct or indirect subsidiaries upon the subsidiary's liquidation or reorganization would be subject to the prior rights of the holders of existing and future debt securities and preferred stock issued by such subsidiaries, and, as in the case of dividends, the rights of holders of NW Holding common stock to receive any such assets would be subject to the prior rights of the holders of NW Holding's debt securities (including guarantees) and preferred stock.

**If the Holding Company Proposal is approved and the Merger completed, NW Holding's ability to pay dividends on NW Holding common stock would be dependent on the receipt of dividends and other payments from NW Holding's subsidiaries.**

NW Holding would be a holding company, the only significant assets of which will be the shares of common stock of its subsidiaries, and therefore NW Holding would not produce any operating income of its own. As a result, NW Holding's ability to make payments on its indebtedness and to pay dividends on its capital stock would be dependent on the receipt of dividends and other payments from its operating subsidiaries, including NW Natural.

NW Natural and its current subsidiaries, which would become NW Holding's direct and indirect subsidiaries, are separate and distinct legal entities, managed by their own boards of directors, and, as is currently the case, would have no obligation to pay any amounts to their respective shareholders, whether through dividends, loans or other payments. The ability of these companies to pay dividends or make other distributions on their common stock is now, and would continue to be, subject to, among other things: their results of operations, net income, cash flows and financial condition, as well as the success of their business strategies and general economic and competitive conditions; the prior rights of holders of existing and future debt securities and any future preferred stock issued by those companies; and any applicable legal restrictions.

If NW Natural ceases to comply with credit and capital structure requirements approved by the OPUC and WUTC, it will not, with limited exceptions, be permitted to pay dividends to NW Holding. See Holding Company Proposal-Regulatory Conditions and Restrictions.

**The risks applicable to NW Natural are applicable to NW Holding.**

Immediately after completion of the holding company restructuring, the risks that apply to NW Natural, including those risks describe in NW Natural's most recent Annual Report on Form 10-K and in its subsequently filed quarterly reports on Form 10-Q, are also applicable to NW Holding.

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**NW Holding may invest in activities that may prove to be riskier than the current activities of NW Natural, which could result in losses, a decline in stock price or more volatility in stock price.**

The holding company structure may allow us greater opportunities to invest in regulated and unregulated businesses. These investments may involve greater risk than an investment in NW Natural. If losses are incurred in unregulated businesses, they will likely not be recoverable through utility rates and they could adversely affect our stock price. Similarly, expenses associated with the unregulated businesses will not be recoverable through utility rates.

## **ADDITIONAL INFORMATION ABOUT NW NATURAL AND NW HOLDING**

### **General**

NW Natural is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (Exchange Act). NW Natural files annual, quarterly and special reports, proxy statements and other documents with the Securities and Exchange Commission (SEC) (File No. 1-15973). You may read and copy any materials NW Natural files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. NW Natural's SEC filings are also available to the public from the SEC's website at [www.sec.gov](http://www.sec.gov). Other than those documents incorporated by reference into this Proxy Statement-Prospectus, as discussed below, information on this website does not constitute a part of this Proxy Statement-Prospectus.

NW Holding will become subject to the same informational requirements as NW Natural following the Merger described in this Proxy Statement-Prospectus, and both NW Holding and NW Natural will file reports and other information with the SEC in accordance with the Exchange Act. Upon the completion of the Merger, NW Holding common stock will be listed on the NYSE. At the time of such listing, NW Natural's common stock will cease to be listed and registered under Section 12 of the Exchange Act. NW Natural will, however, continue to have public reporting obligations under Section 15(d) of the Exchange Act because NW Natural registered and publicly sold first-mortgage bonds and issued deferred compensation obligations to employees and directors under deferred compensation plans.

NW Holding has filed with the SEC a registration statement on Form S-4, Registration No. 333-223549 (together with all amendments, schedules and exhibits thereto, the Registration Statement) under the Securities Act of 1933, registering the shares of NW Holding common stock to be issued upon effectiveness of the Merger. This Proxy Statement-Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. The Registration Statement and the exhibits thereto are available for inspection and copying as set forth above. Statements contained in this Proxy Statement-Prospectus or in any document incorporated by reference in this Proxy Statement-Prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement or such incorporated document, each such statement being qualified in all respects by such reference.

### **Incorporation of Documents by Reference**

The SEC allows NW Natural to incorporate by reference the information that it files with the SEC under the Exchange Act. This allows NW Natural to disclose important information to you by referring you to those documents rather than repeating them in full in this Proxy Statement-Prospectus. NW Natural is incorporating into this Proxy Statement-Prospectus by reference:

NW Natural's Annual Report on Form 10-K for the year ended December 31, 2017;  
NW Natural's Current Reports on Form 8-K filed with the SEC on March 13, 2018 and March 21, 2018; and

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all other documents filed by NW Natural with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the filing of the Registration Statement and prior to the termination of the offering made by this Proxy Statement-Prospectus (which is the date of the annual shareholder meeting).

The documents incorporated into this Proxy Statement-Prospectus by reference, which are referred to as the Incorporated Documents, are deemed to be part of this Proxy Statement-Prospectus from the date of filing such documents. Any statement contained in an Incorporated Document may be modified or superseded by a statement in this Proxy Statement-Prospectus (if such Incorporated Document was filed prior to the date of this Proxy Statement-Prospectus) or in any subsequently filed Incorporated Document. Any statement contained in this Proxy Statement-Prospectus may be modified or replaced by a statement in an Incorporated Document that is filed with the SEC after the date of this Proxy Statement-Prospectus.

You may request any of the Incorporated Documents, at no cost, by writing Shareholder Services, NW Natural at 220 N.W. Second Avenue, Portland, Oregon 97209 or calling (503) 226-4211 (extension 2402). NW Natural maintains an Internet site at [www.nwnatural.com](http://www.nwnatural.com) which contains information concerning NW Natural and its affiliates. The information contained at NW Natural's Internet site is not incorporated by reference, and you should not consider it part of this Proxy Statement-Prospectus.

**Please contact NW Natural no later than May 17, 2018 in order to receive timely delivery of the Incorporated Documents before the Annual Meeting.**

## **FORWARD-LOOKING STATEMENTS**

This Proxy Statement-Prospectus contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to the safe harbors created by such Act. Forward-looking statements can be identified by words such as anticipates, assumes, 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, projections and predictions; objectives, goals or strategies; assumptions, generalizations and estimates; ongoing continuation of past practices or patterns; future events or performance; trends; risks; timing and cyclicity; earnings and dividends; capital or organizational structure, including restructuring and operating as a holding company; growth; labor relations and workforce succession; project and program development, expansion, or investment; business development efforts, including acquisitions and integration thereof; rate or regulatory outcomes, recovery or refunds; outcomes, timing and effects of potential claims, litigation, regulatory actions, and other administrative matters; and effects and efficacy of regulatory mechanisms.

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 therefore caution you against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are discussed in the risk factors in this Proxy Statement-Prospectus and at Item 1A., Risk Factors of Part I and Item 7. and Item 7A., Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk, respectively, of Part II of the NW Natural 2017 Form 10-K.

Any forward-looking statement made by us in this Proxy Statement-Prospectus speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. 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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**INFORMATION REGARDING**  
**2018 ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD MAY 24, 2018**  
**PROXY STATEMENT-PROSPECTUS**

The Board of Directors of Northwest Natural Gas Company (NW Natural or the Company) is soliciting the proxies of all holders of NW Natural common stock who may be unable to attend in person or who desire to vote by proxy prior to the Annual Meeting of Shareholders to be held in the Hospitality Suite on the Fourth Floor of NW Natural's offices, 220 NW Second Avenue, Portland, Oregon 97209 on Thursday, May 24, 2018, at 2:00 p.m. Pacific Daylight Time. The close of business on April 5, 2018 is the record date for the determination of shareholders entitled to notice of and to vote at the meeting. We request that you sign and return the enclosed proxy card or Voting Instruction Form promptly. Alternatively, you may grant your proxy by the internet or telephone.

NW Natural's Annual Report for the fiscal year ended December 31, 2017, including audited financial statements, is being sent to all shareholders, together with this Proxy Statement-Prospectus and the accompanying proxy card or Voting Instruction Form, commencing April 18, 2018.

**HOW TO VOTE BY PROXY AND REVOKE YOUR PROXY**

**Voting by Proxy**

You may vote your shares either in person or by duly authorized proxy. You may use the proxy card or Voting Instruction Form accompanying this Proxy Statement-Prospectus if you are unable to attend the meeting in person or you wish to have your shares voted by proxy, even if you do attend the meeting. If you are a registered shareholder, you may vote by internet, telephone, or mail, or you may vote your shares in person at the meeting. To vote:

**By internet (do not return your proxy card)**

Go to **www.proxyvote.com**. Internet voting is available 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Daylight Time on May 23, 2018.

Have your proxy card available.

Follow the simple instructions. You will be prompted to enter your **16-digit Control Number located on your proxy card**.

**By telephone (do not return your proxy card)**

On a touch-tone telephone, call the toll-free number indicated on your proxy card. Telephone voting is available 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Daylight Time on May 23, 2018.

Have your proxy card available when you call.

Follow the simple recorded instructions. You will be prompted to enter your **16-digit Control Number located on your proxy card**.

**By mail**

Mark your choice on your proxy card. If you properly execute your proxy card but do not specify your choice, your shares will be voted FOR Proposals 1, 2, 3, 4 and 5, as recommended by NW Natural's Board of Directors.

Date and sign your proxy card.

Mail your proxy card in the enclosed postage-paid envelope. If your envelope is misplaced, send your proxy card to Northwest Natural Gas Company, c/o Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717.

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### **Revoking Your Proxy**

You may revoke your proxy at any time before the proxy is exercised by: (1) delivering a written notice of revocation; (2) filing with the Corporate Secretary a subsequently dated, properly executed proxy; (3) voting after the date of the proxy by the internet or telephone; or (4) attending the meeting and voting in person. Your attendance at the meeting, by itself, will not constitute a revocation of a proxy. You should address any written notices of proxy revocation to: Northwest Natural Gas Company, 220 NW Second Avenue, Portland, OR 97209, Attention: Corporate Secretary.

### **Shares Held by Bank or Broker**

If your shares are held in nominee or street name by a bank or broker, you should follow the directions on the Voting Instruction Form you receive from your bank or broker as to how to vote, change your vote, or revoke your proxy. **If you want to vote those shares in person at the Annual Meeting, you must bring a signed legal proxy from the broker, bank, or other nominee giving you the right to vote the shares.** Revocation of proxies for shares held through a broker, bank, or other nominee must be made through the appropriate nominee in accordance with its instructions.

### **Adjournment**

If an adjournment of the meeting occurs, it will have no effect on the ability of shareholders of record as of the record date to exercise their voting rights or to revoke any previously delivered proxies.

NW Natural expects that on May 24, 2018, the scheduled date of the Annual Meeting, votes will be taken and the polls closed on the proposals included in this Proxy Statement-Prospectus. It is possible, however, that the management of NW Natural may propose one or more adjournments of the Annual Meeting, either to allow the inspectors of election to count and report on the votes cast after the polls have been closed, or, without closing the polls, to permit further solicitation of proxies with respect to the proposals in this Proxy Statement-Prospectus, including the Proposal 5 the proposal to approve reorganization of NW Natural into a holding company structure, or for other reasons.

Proxies solicited by the Board of Directors will be voted in favor of any adjournment proposed by management. However, if management proposes an adjournment to permit further solicitation of proxies, proxies that direct votes against the Holding Company Proposal will not be used to vote in favor of an adjournment.

If any adjournment is properly proposed on behalf of any person other than management, the persons named as proxies, acting in such capacity, will have discretion to vote on such adjournment in accordance with their best judgment.

A majority of the votes represented at the Annual Meeting, whether or not a quorum, must be cast in favor of adjournment for any adjournment to be approved.

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**VOTING YOUR SECURITIES**

The 28,782,815 shares of NW Natural common stock outstanding on April 5, 2018 were held by 5,185 shareholders residing in 50 states, the District of Columbia, and a number of foreign countries.

Each holder of NW Natural common stock of record at the close of business on April 5, 2018 will be entitled to one vote for each share of NW Natural common stock so held on all matters properly submitted at the meeting. Such holder will be entitled to cumulative voting for directors; that is, to cast as many votes for one candidate as shall equal the number of shares held of record multiplied by the number of directors to be elected, or to distribute such number of votes among any number of the nominees.

A majority of the shares of NW Natural common stock outstanding at the close of business on April 5, 2018 must be represented at the meeting, in person or by proxy, to constitute a quorum for the transaction of business.

**It is important that your shares be represented at the meeting. You are urged, regardless of the number of shares held, to sign and return your proxy. Alternatively, you may grant your proxy by the internet or telephone as described above.**

**ATTENDING THE ANNUAL MEETING**

**IF YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE DETACH AND RETAIN THE ADMISSION TICKET ATTACHED TO YOUR PROXY CARD.** As space is limited, you may bring only one guest to the meeting. If you hold your stock through a broker, bank, or other nominee, **please bring a legal proxy or other evidence to the meeting showing that you owned NW Natural common stock as of the record date, April 5, 2018,** and we will provide you with an admission ticket. If you receive your Annual Meeting materials electronically and wish to attend the meeting, please follow the instructions provided online for attendance. A form of government-issued photograph identification will be required for both you and your guest to enter the meeting. To permit as many shareholders as possible to participate, only shareholders or their valid proxy holders may submit questions at the meeting. Large bags and packages, weapons, cameras, recording equipment, and other electronic devices will not be permitted in the meeting. A map with driving directions appears on the inside cover of this Proxy Statement-Prospectus.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

NW Natural's Restated Articles of Incorporation (Restated Articles) provide that the Board of Directors (Board) shall be composed of not less than nine nor more than 13 directors, with the exact number of directors to be determined by the Board. The Board has fixed the number of directors at ten.

The Restated Articles also provide that the Board of Directors be divided into three classes and that the number of directors in each class be as nearly equal in number as possible. Members of each class are elected to serve a three-year term with the terms of office of each class ending in successive years. The term of the Class I directors expires at this year's Annual Meeting. Messrs. Boyle and Dodson, and Ms. Wasson are nominees for election to the Board as Class I directors to serve until the 2021 Annual Meeting or until their successors have been duly qualified and elected. Messrs. Boyle and Dodson and Ms. Wasson were last reelected to the Board of Directors by the shareholders at the 2015 Annual Meeting. In case any of the nominees should become unavailable for election for any reason, the persons named in the proxy will have discretionary authority to vote for a substitute. Management knows of no reason why any of the nominees would be unable to serve if elected.

**Vote Required**

Under Oregon law, if a quorum of shareholders is present at the Annual Meeting, the three nominees who receive the greatest number of votes cast at the meeting shall be elected directors. Abstentions and broker non-votes are counted for purposes of determining whether a quorum exists at the Annual Meeting, but are not counted and have no effect on the results of the vote for directors.

The Corporate Governance Standards adopted by the Board of Directors provide that any nominee for director in an uncontested election who receives a greater number of votes withheld than votes for is required to tender his or her resignation for consideration by the Governance Committee. The Governance Committee will then determine whether to recommend acceptance of, and the Board of Directors will decide whether to accept, such resignation.

**The Board of Directors recommends the election of the three nominees listed below.**

**INFORMATION CONCERNING NOMINEES**